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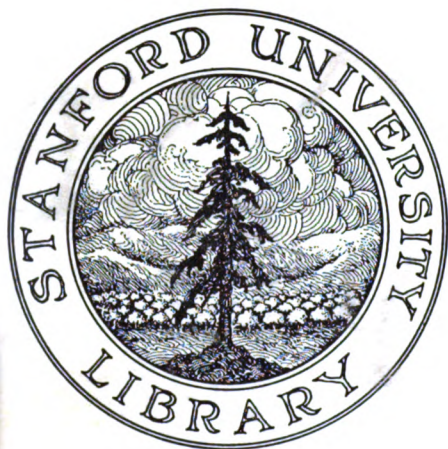
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# INVESTIGATION OF MEXICAN AFFAIRS.

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MONDAY, SEPTEMBER 8, 1919.

UNITED STATES SENATE,  
SUBCOMMITTEE OF THE COMMITTEE ON FOREIGN RELATIONS,  
Washington, D. C.

The subcommittee met, pursuant to call, at 11 o'clock a. m. in room 422, Senate Office Building, Senator Albert B. Fall presiding.

The CHAIRMAN. The committee will come to order. We will file first Senate resolution 106 and Senate resolution 163, which are to be printed in the record, showing the authority for this committee to act.

(Senate resolutions 106 and 163 are as follows:)

## Senate resolution 106.

*Resolved*, That the Committee on Foreign Relations, or any subcommittee thereof, is authorized and directed to investigate the matter of damages and outrages suffered by citizens of the United States in the Republic of Mexico, including the number of citizens of the United States who have been killed or have suffered personal outrages in Mexico, and the amount of proper indemnities for such murders and outrages; the quantity of damages suffered on account of the destruction, confiscation, and larceny of personal property and the confiscation and deprivation of the use of lands and the destruction of improvements thereon; the number of citizens of the United States residing in Mexico at the time Porfirio Díaz retired from the presidency of Mexico, and the number of citizens of the United States at present residing in Mexico, and the nature and amount of their present holdings and properties in said country; and in general any and all acts of the Government of Mexico and its citizens in derogation of the rights of the United States or of its citizens; and for this purpose to sit at any time or place during the sessions of Congress or during recess and with authority to subpoena such witnesses and documents as may be necessary, and to make a report of its findings in the premises to the Senate; and the said committee shall further investigate and report to the Senate what, if any, measures should be taken to prevent a recurrence of such outrages.

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## Senate Resolution 163.

*Resolved*, That the Subcommittee on Foreign Relations appointed under authority of Senate Resolution Numbered 106, to investigate Mexican affairs, be, and it is hereby, authorized to send for persons, books, and papers; to compel the attendance and testimony of witnesses; to administer oaths; to conduct hearings; to travel to and from any points where a sitting of the committee may be necessary; to employ interpreters, stenographers, clerks, and any other necessary assistants; and to provide for the care and preservation of testimony, papers, and documents.

The expenses of said subcommittee and its necessary assistants in discharging its duties under the provisions of said resolution numbered 106 and of this

present resolution to be paid out of the contingent fund of the Senate upon vouchers to be approved by the chairman of the subcommittee.

The CHAIRMAN. We file a letter from Mr. James G. McDonald, chairman, under date of August 13, 1919, and a letter from the same gentleman, dated August 14, 1919, to be printed in the record. We file these letters for the reason that this particular hearing has been called for the purpose of giving the gentlemen mentioned in the letters and the League of Free Nations an opportunity to be heard first.

(The letters above referred to are as follows:)

LEAGUE OF FREE NATIONS ASSOCIATION,  
*New York City, August 13, 1919.*

MY DEAR SENATOR: Our Mexican committee is prepared to furnish you from time to time with trustworthy information about the Mexican situation, knowing the purpose of your committee to make a thorough investigation.

We send herewith three chapters from a book by Mr. Samuel Guy Inman, one of the three members of our committee recently in Mexico, and also a reprint of an official Mexican exposition of the petroleum industry in Mexico.

Very truly, yours,

JAMES G. McDONALD, *Chairman.*

HON. ALBERT B. FALL,  
*United States Senator, Senate Office Building, Washington, D. C.*

LEAGUE OF FREE NATIONS ASSOCIATION,  
*New York City, August 14, 1919.*

HON. ALBERT BACON FALL,  
*U. S. Senator, Senate Office Building, Washington, D. C.*

SIR: Will you please be good enough to inform us when the subcommittee of the Senate Committee on Foreign Relations will be ready to begin its hearings, in its investigation of conditions in Mexico.

Several of the members of our Mexican committee have been in Mexico recently, and are in a position to give information regarding present-day conditions there. They will be glad to appear before your committee at your convenience.

May we not venture to express the hope that the Senate subcommittee will exercise more discretion in its selection of witnesses than did the House Committee on Rules?

Denunciations of a Government with which the United States continues to be in friendly treaty relations by a go-between for various bandit chiefs were widely exploited through the press recently, and as loyal Americans we hope your committee will not lend itself to similar propaganda. With assurances of high respect, I am,

Very respectfully,

JAMES G. McDONALD,  
*Chairman.*

The CHAIRMAN. We have been informed that Dr. Inman, one of the committee of the League of Free Nations, I believe, or one of the members, is present and desires to be heard. Dr. Inman, you understand that the statements made by you will be made under oath, of course?

Dr. INMAN. Yes, sir.

### TESTIMONY OF DR. SAMUEL GUY INMAN.

(The witness was duly sworn by the chairman.)

The CHAIRMAN. Senator Brandegee, Dr. Inman has requested to be allowed to make a statement before proceeding to give his evidence. If there is no objection to that—

Senator BRANDEGEE. There is no objection whatever.

The CHAIRMAN. Doctor, you are recognized and will proceed now to make your statement.

Senator BRANDEGEE. Did you state your residence?

Dr. INMAN. Leonia, N. J. On the request of the committee, Mr. Chairman, I wish to present some documents. I have brought these at your request.

The CHAIRMAN. You say, "On the request of the committee." Do you mean this committee?

Dr. INMAN. Yes, sir; this committee.

The CHAIRMAN. Do you mean the documents in this envelope that you have here?

Dr. INMAN. Yes, sir; I want to refer to those probably later on.

The CHAIRMAN. Yes; you can use them and the committee will examine them later.

Dr. INMAN. In the first place, Mr. Chairman, I want to say that I come with pleasure at your request to testify before the committee for two reasons particularly, which I hope the committee will continually keep in mind; first, the relationship of Mexico to the whole question of Pan Americanism; and, secondly, the relationship of our international friendship with Mexico to the American missionary work in those countries.

Referring to the question of Pan Americanism, I have been studying that for the last five years particularly; I have traveled through the South American countries, and have noted with deep pleasure the increased friendship for the United States, especially after we declared war. That friendship can now be strengthened very largely if our relations with all of the Latin American countries are carried forward, as we have claimed they would be in all of our statements after we entered the war with respect for small and weak nations.

The CHAIRMAN. Doctor, may I interrupt you just there?

Dr. INMAN. Yes, sir.

The CHAIRMAN. You say you traveled through Latin American nations. To what Latin American nations do you refer and in which of those did you discover this increasing friendly spirit for America?

Dr. INMAN. In 1914 I went to Mexico, Cuba, Porto Rico, Panama, Peru, Chile, Argentina, and Brazil. At that time I was more impressed than ever with what most of us know, that there had been great prejudice against the United States; but in a more recent trip, in 1917, after we had entered the war, I visited these same countries and also Bolivia and Paraguay and Uruguay, and probably one or two others; and it was then that I was impressed particularly with the great change that had come over these countries because of our entrance in the war, in the first place, which seemed to them to be a fight for them as well as for us for free democracies; and, in the second place, because of our increased commercial relationships and our intellectual relationships.

The CHAIRMAN. Whom were you visiting there and what was your business?

Dr. INMAN. My primary business was to visit the missionary forces.

The CHAIRMAN. What missionary forces?

Dr. INMAN. I might say, Mr. Chairman, that I am secretary of the committee on cooperation in Latin America, and represent 30

mission boards doing work in Latin America. This organization has been in existence about five years, and it is the purpose of our committee to study Latin American conditions in order to interpret them for the various mission boards. We are a kind of a clearing house for these various missionary organizations, and primarily I went to visit the missions. However, especially on the second trip, I had letters from the universities and had made other contracts with the intellectual classes, so that I spoke before a number of the universities in the different countries, and also came in contact with the people in a social way because of various introductions that I carried.

The CHAIRMAN. All right. Go ahead now and just follow your own line.

Dr. INMAN. I believe that our relationships to Mexico have a great deal to do with our relationship with all of Latin America. We are now in a new day in pan Americanism. Our foreign commerce has increased during the period of the war from about \$800,000,000 to \$1,700,000,000; and not only this increase in commerce, but especially this increase in understanding of the United States and a desire for friendship with the United States put us at the beginning of a new era of friendship for America.

The CHAIRMAN. The foreign commerce that you speak of is with Latin-American countries?

Dr. INMAN. With Latin America. I believe, Mr. Chairman, that there is hardly as important an international question before America at the present time as is this question of American solidarity. I think we can never have the influence in the world at large that we should have until we have gotten this solidarity. I am, therefore, interested in our relationships with Mexico, in the first place, because of its intimate relations with the Pan-American question.

I feel convinced that, if, as has been mentioned, we should have armed intervention in Mexico that that would prejudice all of the Latin-American countries and would hold back this development of Pan American friendship in a way that could not be described; in a very, very large way. Therefore, I think that in all of our dealings with the Mexican question we should take into account the whole of Pan America.

In the second place, I would like to call the committee's attention to the interests of the missionary forces of North America in Mexico. There are probably 150 to 200 American missionaries in Mexico at the present time. They have had the best year in their history during 1918 and 1919. The mission schools are all crowded; the churches are crowded. From six hundred to a thousand people come together in one church in Mexico City every Sunday, and the churches are crowded to capacity in Mexico City, in Chihuahua, in Guadalajara, in Pueblo, in Vera Cruz, in Yucatan, and I might say in practically every region of Mexico. These missionaries are scattered all over Mexico, in practically every part of the country. Their schools are crowded at the present time; their hospitals are overrun, and there are continual demands for their services.

It may seem strange to some to think of the American missionary work having anything particularly to do with this question, because they are likely to think of that as being a narrow-minded program

simply of converting from one sect to another; but, Mr. Chairman, I should like to correct that view, if possible.

Missionaries have been now in Mexico for at least 40 years. They, I believe, know more about the Mexican people than any other Americans. They have certainly learned to speak the language, and have lived with the people and are the one class of people, I might say, who are universally acceptable to the Mexican people, who recognize that their friends have no ulterior motives whatever in their service.

It may interest the committee to know that the revolution, which has gone on during the last few years, has served in this shuffling process to bring up to the top the young men who have been educated in the missionary schools.

Practically 50 per cent of the leadership, ranging all the way from members of city councils to governors and secretaries and senators, have been educated in American schools in Mexico, or schools in the United States.

The CHAIRMAN. You will be prepared to go specifically into that and give names, etc.?

Dr. INMAN. Yes, sir. And, for that reason, naturally we have a strong belief in the ability of Mexico, if she is given an opportunity and given the proper kind of help and assistance, to work out her problems. In fact, these young men are carrying out as fast as they can just the things we would want to carry out if we went down there, as we did go into Cuba, for example, and take hold of their national policies. But we believe that Mexico is able to do that with the friendly assistance of the United States.

I trust that this element will be taken into consideration by your committee, and that a number of gentlemen who are most capable of testifying along these lines will be heard.

The CHAIRMAN. If you will give the names to the secretary they will be called.

Dr. INMAN. Bishop Cannon, who has just returned from Mexico, is here to-day, and I hope he will have an opportunity of being heard before he has to leave at 2 o'clock this afternoon.

The CHAIRMAN. Bishop Cannon has already been notified that, in the event you do not complete your testimony in time to give him an opportunity to be heard, that you will be requested to suspend in order that he might be heard, so as to allow him to return to New York.

Dr. INMAN. I might say, Mr. Chairman, that I think that the churches are unitedly against armed intervention in Mexico, not because they are not equally interested with all other American citizens in the protection of American rights and in the development of our international friendship and in the protection of the American flag wherever it may be, but simply because these interests, after careful study, believe that the problem can be worked out without war.

The officers of the Federal Council of Churches, the Chicago Federal Council of Churches, the missionary boards, the missionaries themselves in Mexico, and so far as I know the Christian leaders all over the United States, are entirely opposed to armed intervention. I have submitted certain editorials from the religious press to substantiate that statement.

Now, gentlemen, I would like to go into the statements concerning three questions that I would like the committee to consider. In the first place, I believe that there has been a real revolution in Mexico during the last eight years. I believe that because I knew Mexico before the revolution began, during the Diaz régime. I knew how little liberties were granted the people at that time. I knew the abuses of the jefe politicos, the political bosses. I knew the holdings of the large landed interests, which compelled peons to work for 12½ cents a day and practically kept them in debt all of their lives, and the fact that these conditions are being changed, not rapidly, but gradually at the present time; that the Government has been able to distribute lands to the peon element; that the abuses of the jefe politicos have been in a large way excluded, and that above all this young element is endeavoring to work out a new program.

I do not care to create the impression at all, if it were possible, that things are all right in Mexico to-day; but I would like for all of us to realize that after a period of revolution every country has had in its history a period of reconstruction, and that Mexico to-day is striving with the same problems largely that we strove with in the time following our Civil War and the difficulties of catching Villa, for example, are similar to the difficulties we found in suppressing banditry, the James boys and others in the western part of the United States; and that conditions are gradually growing better; indeed, more rapidly than most of us in the United States have any idea of.

The CHAIRMAN. What do you speak of as the period of revolution? When did the revolution commence in Mexico?

Dr. INMAN. Madero began his revolution on the 20th of October, 1910.

The CHAIRMAN. All right. You speak of the revolutionary period as from the 20th of October, 1910, down to the present time?

Dr. INMAN. I would not define it just exactly that way because that hardly took effect at that time. I should rather set the revolutionary period beginning in 1912.

The CHAIRMAN. Why?

Dr. INMAN. Because it grew larger at that time. Peace between Madero and Diaz, I believe, was effected in May of 1911. However, Madero never was able to quiet the country. It is rather difficult to say just when the revolution began.

The CHAIRMAN. I simply wanted to know your idea of what the period of revolution was that you were speaking of.

Dr. INMAN. It would be all right to begin with the beginning of the Madero revolution, but it was two years before the country was thrown into disorder. Now, the revolution in China against the Manchu dynasty began just about the same time that the Mexican revolution began. There is greater disorder probably in China at the present time, and there has been for some time, or at least there is great disorder and fighting between the North and South; and yet we realize that we must have patience with China in the development from her monarchical government to a republic, and our protest against the Shantung grant has certainly shown our interest in the welfare of a weak nation.

It seems to me that Mexico is going through more or less what China has gone through with and what every nation has gone

through with in bringing about a democratic form of government. The difficulty is that this is being done next door to the most advanced nation in the world, the nation that has developed democracy to a larger extent than any other nation in the world, and a comparison, therefore, is natural between our stable conditions and the unstable conditions in Mexico; and we forget even our own history, how in years past, before we had subjugated the western part of this country, we were going through similar experiences.

As to Mr. Carranza, who is largely the bone of contention here, I believe that Mr. Carranza is an honest and capable man. I recognize his faults. He is ultrainternationalistic. He is very sensitive and the attacks of the American press on Mr. Carranza have caused him to be exceedingly sensitive as to what has been said about him here. He has been called a thief and a liar and a robber and everything that certain parts of the American press could invent.

That has made Mr. Carranza naturally very resentful. I knew him as a neighbor in the State of Coahuila when I was director of the People's Institute there several years ago. Knowing him as a neighbor, I formed a high opinion of him as a man, and his belief in a democratic form of government. I believe that he is not anti-American, for he has done too much for American schools; he has employed too many of the young men who have been educated in American institutions; he has sent too many teachers and students to the United States, and he has had friendship with too many American people in Mexico for me to believe that he is anti-American. I believe that he is very much pro-Mexican. He is trying to work out a policy of Mexico for the Mexicans. He has gone too far in that, no doubt; but it is difficult to say just how far he has been pushed in that and how far it represents his own sentiments. For example, the Institution of Queretero of 1917, with its certain features of foreign investments and against religious institutions, were not of Mr. Carranza's origin, as I understand through thoroughly reliable sources; but they were put in there by radical elements, and rather than disrupt his party at that time he accepted them, expecting all the time to have them changed.

The CHAIRMAN. You refer to thoroughly reliable sources of information with reference to the form of the constitution. Would you give your sources of information with reference to Mr. Carranza's opposition and how the constitution was formed? The general statements are interesting, but this committee is searching for facts.

Dr. INMAN. I saw a letter from one of the gentlemen connected with the financial interests in Mexico, the oil interests, which said that he had seen a copy of the constitution as prepared by Mr. Carranza, and had some of those objectionable features.

The CHAIRMAN. Who was the gentleman whose letter you saw?

Dr. INMAN. Well, Senator, I do not know whether I ought to say or not. It was shown to me by a gentleman here, and it was a private letter.

The CHAIRMAN. If you prefer not to disclose the name of the party, all right. Is that the only source of information you have with reference to Mr. Carranza?

Dr. INMAN. No. I understand that from Prof. Osuna, who has been a very close adviser of Mr. Carranza during these several years,

and I wanted to refer to Prof. Osuna, by the way, as one of the men who is pro-American, who has lived in this country for many years, and who recently has been one of the closest advisers to President Carranza, and who, on account of his understanding of American life, was sent to the State of Tamaulipas as governor in order to work out the problems with the oil interests there.

The CHAIRMAN. Is he there now?

Dr. INMAN. He is not there now.

The CHAIRMAN. Is he in the United States?

Dr. INMAN. He is in Mexico at the present time. The political pot is boiling in Mexico at the present time, and there has been a recent combination in Tamaulipas to oust President Osuna.

The CHAIRMAN. Then you learned from Mr. Osuna of Carranza's opposition to the present Mexican constitution?

Dr. INMAN. Yes.

The CHAIRMAN. Is there anyone else from whom you obtained any information on that subject?

Dr. INMAN. I do not recall anyone else, but I know that a number of Mexicans have made that same statement to me.

The CHAIRMAN. I do not care to interrupt you, but I want to get the facts as nearly as possible.

Dr. INMAN. I think I could look up that matter and give you further evidence along that line. I am sure I could.

The CHAIRMAN. We would be very glad to have you do so.

Dr. INMAN. Now, it is men like Prof. Osuna that I think we must believe are going to remake Mexico, although he is a very good illustration of what is going on there at the present time, which shows that Mexico has more liberty than ever before. He was sent down to Tamaulipas as one of the few States that are still under military government by Carranza. However, a combination between the two opposing candidates for the presidency next year were able to oust him, and President Carranza did not protect this particular friend and keep him in the job.

The CHAIRMAN. How did Carranza happen to send Osuna to Tamaulipas?

Dr. INMAN. For the reason that he was familiar with American life, understood the American viewpoint, and hoped that Mr. Osuna would be able to work out a workable program with the oil interests.

The CHAIRMAN. Then, there is no democratic Government in Tamaulipas now? That is, the people do not elect their Government; Carranza sends them in?

Dr. INMAN. That is one of the States that I understand is still under military rule. There are probably about eight of those. I am not sure as to the number. A very large majority of the States are having elections, but some of them still maintain military rule.

The CHAIRMAN. You may proceed, sir.

Dr. INMAN. Mr. Carranza, in referring to his not being anti-American, recently invited a commission of American financial experts to go to Mexico to work out a new tax system for the country. That commission, representing some of our very best American experts on finances has worked out an entirely new tax system for Mexico, which does away with the old problem of taxing about a thousand of the very small minor things in Mexico and puts the taxes on the big



things. Now, it used to be that every little peddler on the street had to pay a certain tax.

The CHAIRMAN. To whom?

Dr. INMAN. To the municipal Government.

The CHAIRMAN. Well, that is to the municipalities in the States and not to the national Government?

Dr. INMAN. No; but there was a system of working out a certain amount for the municipalities to contribute to the national revenues.

The CHAIRMAN. What was that system?

Dr. INMAN. I do not remember the details.

The CHAIRMAN. Would not the system of national taxation suffer from municipal and State taxation?

Dr. INMAN. I know in paying taxes we always got a statement simply as to the amount of taxes that we owed, and that was paid into the Treasury there and divided up; how I do not know.

The CHAIRMAN. You mean with reference to the municipal taxes now?

Dr. INMAN. I mean for all taxes. We got one statement for the taxes that were due. Now, the new taxation, of course, taxes lands and it taxes exports as well as imports. For instance, an illustration in the change in taxation is—

The CHAIRMAN. That is what I would like to confine you to, Dr. Inman, for a minute, because it is a very interesting proposition as to the change.

Dr. INMAN. In February of 1910, if I remember correctly, the tax on pulque in all of Mexico was 140 pesos. In February, 1919, it was 140,000 pesos.

The CHAIRMAN. That is the national tax?

Dr. INMAN. That is the national tax.

The CHAIRMAN. That is not a municipal tax?

Dr. INMAN. No.

The CHAIRMAN. Then, there is no difference except in amount now? There is no difference in the system of taxation. It is simply a difference in the levy of the amount of taxes?

Dr. INMAN. There is a difference, for instance, in the land taxation, which now puts a tax on all lands.

The CHAIRMAN. What was it in 1910?

Dr. INMAN. In 1910 unused lands were untaxed; and the taxation system, for example, on houses, as to the number of doors and windows in a house instead of the actual valuation.

The CHAIRMAN. You mean in 1910 the house was taxed by the municipal authorities, the tax being based on the number of doors and the number of windows?

Dr. INMAN. Well, I am not clear whether that is municipal or national.

The CHAIRMAN. Well, do you not think if you make the statement that there has been a change in the system of taxation, you ought to be able to explain it? I would like you to look it up if you will.

Dr. INMAN. May I explain it in the matter of the pulque?

The CHAIRMAN. You are at liberty to make any explanation you want. I have been in Mexico paying taxes there for 35 years.

Dr. INMAN. I know you have. The tax on land is heavier now than before, and, of course, there is a larger tax on exports than

there has been before. I do not think there was any taxation practically on exports under the old system.

The CHAIRMAN. I will not interrupt you; go ahead.

Dr. INMAN. That this financial commission has done good work is shown by the fact that the national income in 1918 was about one hundred and forty-nine millions of pesos, and I think the largest income that the Diaz administration ever had was about one hundred and five millions of pesos. The increase this year is even more remarkable.

Coming, now, to Mr. Carranza's attitude on the oil legislation, which is of interest to us all, he and others of the Mexican leaders have claimed they had no idea of confiscating foreign property and that the constitution would be changed in that way. I have been convinced from as careful an investigation as I could make that that was their intention. We know that recently a law has been reported which will do away with the retroactive part of article 27.

The CHAIRMAN. Do you mean to say that the law will change the constitution?

Dr. INMAN. You see, in Mexico the Congress has practically the power of changing the constitution.

The CHAIRMAN. It is just like a law; you can change it by repeal or amendment?

Dr. INMAN. I think they must submit it to the legislatures of the States, but if the Congress of Mexico accepts this proposal of President Carranza, I think no doubt it will be accepted by all concerned.

There is that general desire in Mexico among the most influential people to change this retroactive part to make it very clear that Mexico does not want to confiscate foreign properties.

I read the Mexican papers right along, and there are continual demands that that thing be changed, among the most representative Mexicans in all parties. There has been a great deal of satisfaction expressed over this new law which has recently been reported, which is simply carrying out the promise that the Government has made all along.

I think it is difficult for the American people to understand Mr. Carranza's attitude, because a great many people try to distort everything he does. It does not make any difference what attitude he takes, they try to make it look like another attitude.

The CHAIRMAN. Whom do you mean by "a great many people"?

Dr. INMAN. Let me illustrate, Mr. Chairman.

It seems to me that Carranza's recent message was really conciliatory, taking into account the things he has said in the past, all his ultranationalism and everything of the kind. It seems to me that a close reading of it would show that he is making an endeavor, in spite of his nationalistic tendencies, to be conciliatory with the United States. True, he brought in an unhappy reference to the Monroe doctrine, which none of us believe had any place in the message at all. But it was conciliatory.

The New York Times, for example, in reporting that, headed the article, "Carranza retorts to the United States." The next morning we had a very fine editorial showing the message was conciliatory.

Another one of the New York papers headed the article on that message, "Carranza defies the United States."

A large number of people would simply read the headlines and an opening paragraph or two which played up that part of the message, but which did not refer to the thing which seemed to me to be the most important, that he is earnestly trying at this time to occupy a conciliatory attitude toward the United States.

The CHAIRMAN. You have mentioned the New York Times. What other papers took the contrary view?

Dr. INMAN. The Times took a contrary view the next morning.

The CHAIRMAN. I know. You mentioned another paper, but you did not mention the name of it.

Dr. INMAN. I do not recall the other paper that said "Carranza defies the United States;" but reference to that is made in the editorial of the Evening Post the next day, which says that one of the difficulties in having friendly relations with Mexico is the writer of American headlines.

The CHAIRMAN. What other papers or individuals commented upon the Carranza message in either way? Do you recall any other?

Dr. INMAN. No; I do not recall any other.

The CHAIRMAN. I am asking because you premised by stating that whatever Carranza said some people tried to distort it.

Dr. INMAN. That is simply one illustration that I have in mind at the present time.

The CHAIRMAN. I asked if you had any other information with reference to this particular matter which you instance, that is, with reference to the Carranza message. You have now mentioned two papers apparently which spoke favorably of the message, and one, whose name you do not remember, which spoke unfavorably of it. Have you any other?

Dr. INMAN. I was illustrating with that one paper that the headline speaks against it and the editorial speaks in favor of it.

The CHAIRMAN. I understand, but the committee, of course, is trying to get a record of facts, and you premised by the statement that whatever Carranza said, apparently some people wanted to distort. That is exactly what we want to get, if possible. We want to find out just who is distorting and just who is trying to make trouble, if any one, between the United States and Mexico.

I want you to be just as frank as you can about it.

I will now state that in some of the literature that your league has sent out they have spoken of this committee, and particularly of the chairman of the committee, as being very much prejudiced. I do not want you to hesitate for one moment to point out anything that the committee may have done or may have stated at any time which would tend to show that they are prejudiced and that they can not conduct a fair hearing in this matter. Do not excuse the committee; do not refrain for one moment from giving utterance to everything you have in your mind, based upon facts, of course, because it is facts that we want.

Pardon me, but general statements that there is an attempt being made to distort what Mr. Carranza says wherein he shows his friendship for the United States, and thus creates an impression in the minds of the American people, should be supported and substantiated by facts. That is what the committee is here for.

Dr. INMAN. Yes. I shall be glad to turn in more clippings from different papers in showing that. I do not have in mind at this time—

The CHAIRMAN. I do not want to interrupt you. I want you to understand what we are after, and when you make a statement of that kind and then follow it with facts, it may shorten the cross-examination or the direct examination—the questions which the committee will ask of every witness who goes on the stand.

Dr. INMAN. Take, for instance, something which is not exactly along this line, but statements which are not true at all: In 1917, when I was in Mexico just at the declaration of war, I was in the City of Mexico, and the press there was reporting every action of our Senate almost every hour, with extras and everything of that kind. There was a very favorable sentiment for the United States and people seemed to be glad that the United States was going into the war. I went to Vera Cruz and took the boat for Habana, and the first New York paper that I got—the New York Sun—had on the front page the report that there were no connections with Mexico and that Carranza was overthrown by Obregon. Bishop McConnell was reading the other day that in coming from Monterey to Laredo the train was fired on during the night. Nobody was harmed. There were about a dozen shots fired. Some of the papers came out next day saying that there had been a big battle there. Things of that kind, Mr. Chairman, are so common that it would seem almost superfluous to submit the different instances.

The CHAIRMAN. Such as the last you have mentioned?

Dr. INMAN. Yes.

The CHAIRMAN. That is, the exaggeration of the reports, stating that the incident amounted to a battle, when, as a matter of fact, there were only a few shots fired?

Dr. INMAN. As the train was passing along. There were no shots exchanged at all.

The CHAIRMAN. That is one of the instances you would submit in substantiation of the statements that someone here is engaged in undertaking to bring about armed intervention?

Dr. INMAN. No, sir; that was simply a statement—

The CHAIRMAN. Just as a newspaper exaggeration?

Dr. INMAN. Just a newspaper exaggeration; yes, sir. As to a desire for friendship with the United States, which I believe is more profound in Mexico now than in the 20 years I have known that country, there are various editorials which are appearing constantly in the Mexican press saying that "We desire friendship with the United States. We desire an arrangement with the petroleum interests." That is the general tone.

The CHAIRMAN. Since when?

Dr. INMAN. That is the general tone of the most substantial press of Mexico.

The CHAIRMAN. Has there been any change, or has that been done since the date you mentioned in 1917 when you were in the city?

Dr. INMAN. I have noticed that particularly since my last trip to Mexico, during January and February.

The CHAIRMAN. You have noticed it so particularly because it was a change in the sentiment of the papers?

Dr. INMAN. Yes, sir. I believe it represents largely the sentiment of the thinking people of Mexico.

During the World War Mexico was not particularly interested in that, because she was working out her own problems, but she saw that the United States displayed a different side from that which she had ever known before. Hundreds of Mexicans were in this country, and saw our idealistic program. Many of them believed that we did not have any idealism before, but were convinced to the contrary. They have gone back to Mexico, and have reported the mistaken interpretation which they had placed on those things. That has been one of the things which has caused a change of sentiment toward the United States.

The second thing, I believe, is the realization that all the world must live together. Mexico has thought probably she could live by herself; but the war has taught her, as well as the rest of the world, that we are all bound up together, and her thinking people realize in a new way that whether or not they wish to, these two countries have been placed alongside of one another by the Almighty, Himself, and we can not avoid it, and, therefore, it is sense, at least, to look for the right kind of relationships.

I think that our tremendous display of military power has also shown those few Mexicans who might have thought before that we would not fight, and we could not fight, and we did not have an Army, and all of those things, that we do have all of them; and all of those things together, I believe, has brought on a spirit of desire for friendship for the United States, just as I have found in other visits to other Latin American countries.

I consider that that is a very important matter in the development of our relationships, because during the past it has not existed. Mexicans have liked individual Americans, and they have had very close friendships with large numbers of individual Americans, but as a general thing the Mexican was afraid of the United States, and was prejudiced.

The CHAIRMAN. You say individual Mexicans liked individual Americans, and then you say that as a general thing the Mexican did not like the American. You mean the individual Mexican did not?

Dr. INMAN. I mean, the individual would like another individual, but would not like the generic American.

The CHAIRMAN. How about the Governments?

Dr. INMAN. Of course, during the Diaz administration, I think, our relationships were satisfactory.

The CHAIRMAN. How about the individual relations between the two peoples during that time—the nationals of the two Governments?

Dr. INMAN. That relationship was satisfactory in some instances, and, of course, in other instances it was not. There have always been Americans in Mexico who were not a credit, at all, to the American people, and their relationships, of course, have been resented. American tourists used to go down there on the trains, and do things which certainly would not impress the Mexican as to our culture.

The CHAIRMAN. The American tourist has not stopped that yet, has he? Is not the American tourist the same way, or has he had a change of heart? Does he treat the Mexicans differently now?

Dr. INMAN. There are not so many of them going down there now. Here is a letter which shows the attitude of the Governments—you asked me about that—in 1917, for example. This letter was given to me by Mr. Trowbridge, and is signed by Luis Cabrera. Mr. Trowbridge is an American business man in Mexico.

The CHAIRMAN. Who is Luis Cabrera? Just explain for the record, if you please?

Dr. INMAN. Secretary-treasurer at the present time, I believe.

The CHAIRMAN. Minister of finance?

Dr. INMAN. Yes, sir; minister of finance. He has always been closely related with the Carranza Government.

The CHAIRMAN. Pardon me before you go into that. Did you meet Luis Cabrera on your trip through South America, on either one of your trips?

Dr. INMAN. No, sir; I did not.

The CHAIRMAN. Did you know that he was down there in these Latin American countries that you spoke of?

Dr. INMAN. Yes, sir; I heard he was in Argentina.

The CHAIRMAN. Did you hear anything about what he was doing there?

Dr. INMAN. Nothing except through the press reports up here.

The CHAIRMAN. You did not hear anything from down there?

Dr. INMAN. No, sir.

The CHAIRMAN. You do not know anything about the result of his mission?

Dr. INMAN. My visit was, I think, before his.

The CHAIRMAN. You were there in 1917, and then you went later, so he must have come between your two trips.

Dr. INMAN. No, sir. His visit came after my last trip. I was there in June, July, and August of 1917, and his visit was after that.

The CHAIRMAN. You know nothing, then, about what he was doing there or what the result of his mission was to these various countries?

Dr. INMAN. No, sir; nothing other than what I have read in the American press.

This letter is self-explanatory, showing that the Mexican Government has had a desire to arrange its financial matters with American firms:

MEXICO, *March 17, 1917.*

Mr. E. D. TROWBRIDGE,  
*City.*

DEAR MR. TROWBRIDGE: Confirming our conversation, I will be obliged if you will discuss with the various foreign financial groups having Mexican investments the situation here and throughout the country, in order that a better understanding of affairs may be had. We feel that many of those having financial interests in Mexico do not have a very clear idea of the situation, and that a free and frank discussion of all points of common interests is highly desirable, with that in view, we believe it would be to mutual interest if some joint action could be taken by the various financial interests concerned, to name a committee to visit Mexico and make a full study of affairs. We wish, therefore, that you would on behalf of the Mexican Government, extend a cordial invitation to the representatives of the large interests to send such a committee to Mexico, assuring them that this Government desires to cooperate in every reasonable way in such course of action as may be desirable for mutual interest.

The political progress made in the past year, the great improvement in general and economic conditions, the change from paper currency to a metallic basis, and the reestablishment of a constitutional form of government, taken together, prepare the way for reconstruction measures. The Government is anxious to aid in the full development of the resources of the country, mineral, industrial, and agricultural, and is disposed to give such support as it reasonably and legally can to all such development as is calculated to be for the public welfare. To this end, it wishes to have, in a reconstructive program, the cooperation of all those who have interests in Mexico, and it feels that to secure such cooperation a full and comprehensive understanding of the situation is essential. The suggestion made above as to the naming of a committee is made with the hope that such an understanding would result in mutual aid and benefit.

I wish to anticipate my gratitude for whatever efforts you can make, and with kind regards, believe me to be,

Yours, very sincerely,

LUIS CABRERA.

Senator BRANDEGEE. What is the date of that letter?

Dr. INMAN. It is dated March 17, 1917.

The CHAIRMAN. Did that committee go down there?

Dr. INMAN. No, sir. Mr. Trowbridge said he spent a good deal of time trying to arrange for the committee, but was not able to.

The CHAIRMAN. Did he tell you why?

Dr. INMAN. He said that the people with whom he consulted, the financial men, said that with the exception of three or four they did not have any interest in arranging matters with Mr. Carranza; they did not believe that they could make an arrangement with the Carranza Government.

The CHAIRMAN. Have you the names of any one of those to whom he talked?

Dr. INMAN. No, sir; he did not mention names to me.

The CHAIRMAN. You said that with the exception of three or four Americans whom he approached he did not think they could make an arrangement with the Mexican Government. Did he state the conclusions of the three or four men with whom he consulted?

Dr. INMAN. Simply that they would be very glad to send representatives on such a committee.

Senator BRANDEGEE. What business is Mr. Trowbridge in?

Dr. INMAN. Mr. Trowbridge was formerly the general manager of the Mexican Light & Power Co., in Mexico City.

Senator BRANDEGEE. You spoke of him as an American business man and I suppose he was doing business in Mexico.

Dr. INMAN. Yes, sir; he was in Mexico.

Senator BRANDEGEE. Is he now?

Dr. INMAN. At the present time he is in Mexico; yes.

Senator BRANDEGEE. In what business?

Dr. INMAN. I do not know what his business is at the present time. He is promoting certain American organizations in Mexico in the development of some new business.

Senator BRANDEGEE. Do you know where he came from in this country?

Dr. INMAN. I think he came from Detroit, Mich. He has recently written a book called "Mexico To-day," I believe.

The CHAIRMAN. He is a promoter, you say?

Dr. INMAN. I am under the impression that he is promoting some new American financial interests in Mexico at the present time.

Senator BRANDEGEE. Is he friendly to the Carranza Government?

Dr. INMAN. I think so. His book would give one the impression that he is friendly with the Carranza Government—not that he does not see the faults of the Carranza Government at all, but that he believes, as I do, that Mexico can work out her own salvation and is developing a good deal more rapidly than most of us in this country realize.

That is the next point, gentlemen, that I should like to develop—the improved conditions in Mexico.

Senator BRANDEGEE. Improved as over what period?

Dr. INMAN. Over any period in the past.

Senator BRANDEGEE. Over the Diaz period?

Dr. INMAN. Yes, sir; over the Diaz period, in a business way; not in the matter of bandits at the present time, because, of course, there are more bandits in Mexico at the present time than there were in the latter part of Diaz's time.

Senator BRANDEGEE. You do not mean that the more bandits there are the better the business conditions?

Dr. INMAN. Hardly; but I think these figures will show, Senator, about what I do mean.

Senator BRANDEGEE. I would like to find out.

Dr. INMAN. In the first place, a great many people go to Mexico to-day and do not think of what Mexico was 20 years ago. For example, we hear a good deal about beggars in Mexico. Twenty years ago when I went to Mexico there were lines of beggars. I was told that there were 50,000 homeless people who slept in the doorways in Mexico City every night. Twenty years ago all along the line I remember those beggars. It is not fair for us, simply because there are beggars in Mexico to-day, to say that that shows the conditions are more terrible and that we ought to go in now and alleviate them, and all that kind of thing.

Senator BRANDEGEE. No; but what I hoped you would clear up, and I think undoubtedly you will before you have finished, is in what respects conditions in Mexico are better now than they were under the Diaz régime.

Dr. INMAN. For example, the national revenues this last year are about \$50,000,000 or \$45,000,000 greater than they were at any time during the Diaz régime.

Senator BRANDEGEE. Are the taxes higher?

Dr. INMAN. The taxes on some things are higher, and taxes on other things are lower.

Senator BRANDEGEE. Has the revenue increased because the value of property has increased, the prosperity of the people has increased?

Dr. INMAN. The revenue, particularly, has increased because of the new arrangement of the whole tax system.

Senator BRANDEGEE. Not because there is more prosperity in the country?

Dr. INMAN. There is a better division of prosperity and a better division of financial responsibility all the way around.

Senator BRANDEGEE. Is the railroad system better than it was?

Dr. INMAN. The railroad system is paying more money than it was, but of course it is notably run down in its equipment.

Senator BRANDEGEE. You mean travel is greater?



Dr. INMAN. I do not know about the travel. I mean that the books of the national railway lines show that they are taking in more money than they did in any other period in their history.

Senator BRANDEGEE. Have rates been raised?

Dr. INMAN. I suppose they have. They have been raised in all parts of the world, and I suppose they have been raised in Mexico, too.

Senator BRANDEGEE. To what do you attribute the increased railroad receipts?

Dr. INMAN. I do not know that I have thought about that, but these increased imports and exports to which I am going to refer would certainly indicate that there must be an increase in railroad activities.

Senator BRANDEGEE. Of course, I am ignorant about it. I am simply asking for information. I will wait and see what figures you put in.

The CHAIRMAN. Just a moment, before you get to the imports and exports, because that will be another story.

Has the interest been paid or is it being paid upon railroad bonds or indebtedness in Mexico at all?

Dr. INMAN. My understanding is it has not been paid, nor the interest on the national debt.

The CHAIRMAN. Was there any interest upon the railroad bonds and indebtedness that accrued when Diaz went out of office, which was not paid up to date?

Dr. INMAN. I do not know, Senator.

The CHAIRMAN. Was there any interest in default on the internal debt of Mexico when Diaz went out?

Dr. INMAN. I am not prepared to say.

The CHAIRMAN. Do you know what the sources of internal revenue in Mexico were under the Diaz administration?

Dr. INMAN. I understand that they were largely through imports.

The CHAIRMAN. Do you know that there were two debts, one an external debt and one an internal debt?

Dr. INMAN. Yes, sir.

The CHAIRMAN. What are the sources of the internal revenue for paying the daily running expenses and the interest on the internal debt? Upon what is the money collected? Where do they get their revenue for those internal affairs?

Dr. INMAN. As I say, my general understanding is that it was largely coming from the import duties. I do not know the details of that.

The CHAIRMAN. Where do they get revenue for the payment of their external debt and interest?

Dr. INMAN. Would it not come from the same sources?

The CHAIRMAN. I was asking you if you knew, because you are testifying.

Dr. INMAN. No, sir; I do not know.

The CHAIRMAN. The reason I asked you that is because you were about to discuss the imports and exports, and the railroad bonded indebtedness of Mexico is part of the external debt of Mexico.

Dr. INMAN. I was referring particularly to the earnings of the railroads.

The CHAIRMAN. Certainly, but you are going to show the increase of imports and exports and increase of railroad business.

Dr. INMAN. Yes, sir. I just jotted down a few figures here.

The CHAIRMAN. I was asking you that because your figures will need explanation now or at some other time, and so I was trying to establish a few facts, if we could, upon which your figures might throw some light, because you are now proceeding to testify as to the imports, exports, and railroad business. As a matter of fact, Doctor, the imports duties are all absolutely pledged for external debts, and included in the external debts, finally, after taking over the national railroads, are the national railroad bonds, and all the import duties are absolutely pledged for that purpose. They were 66 per cent pledged when Diaz went out, and the balance has been pledged since under Madero and Huerta. Therefore, every dollar of import duty should be paid out by the Mexican Government in the discharge of that debt or for a sinking fund. That is the reason I asked you whether it had been paid. They are under obligations to do that. They have set aside and pledged every dollar and every cent of import duties, and it makes no difference whether they are increased or not. They may be increased from those in existence at the time the contract was made, but they can not be decreased, and they can not in any way prevent the payment of the interest or deplete the sinking fund. They may be increased, but every dollar of increase must go into the sinking fund or otherwise for the payment of this debt before it can be applied to any other purpose. That is my object in clearing the way before you make your statement. Proceed, sir.

Dr. INMAN. Well, I just jotted down a few statements. Of course, I have not gone into the study of Mexican finances, but it is simply to illustrate the development of the country.

By the way, there is a pamphlet here, just gotten out by the Guaranty Trust Co. of New York, which shows the development of trade and bettered conditions. Here is the closing opinion, which probably represents the general idea brought out by the pamphlet after one of their investigators had been through the country for two or three months:

The committee on wholesaling and manufacturing sales of the Mississippi Valley Association, of which Walter C. Alward, of the Chicago office of Carson, Pirie, Scott & Co., is chairman, says:

"It is the opinion of the committee that the present is an opportune time for American concerns to open the way for a larger and permanent trade with Mexico. Conditions in the country to-day are no worse, as far as the committee can determine, than they have been for the last few years, while in many respects they have improved. Little could be gained either by individual business interests or by the country in staying out of Mexican markets at this time, and there is much to be said in favor of immediately entering that trade."

This is the opinion of all those who have recently investigated opportunities for selling merchandise of the sort carried by the average city shop and of those seeking to purchase the products of Mexico.

The CHAIRMAN. You were reading from that pamphlet?

Dr. INMAN. Yes, sir. I understand that pamphlet is not to be distributed, because the bank does not care to influence the present Mexican situation.

Senator BRANDEGEE. To what extent has it been distributed?

Dr. INMAN. I don't know, Senator.

Senator BRANDEGEE. Where did you get yours?

**Dr. INMAN.** This copy was sent to the committee of the League of Free Nations Association, and the committee suggested that they could distribute a large number of them, and a representative of the bank said they would be very glad to do so, but afterwards they decided it was best not to distribute them at the present time.

**Senator BRANDEGEE.** Why is the Guaranty Trust Co. interested in the Mexican situation?

**Dr. INMAN.** Well, I suppose, as a banker of these large firms doing business down there, they want the real facts, so they may recommend to these companies whether they should go into Mexico for business or not.

(Thereupon, at 1.40 o'clock p. m., the committee took a recess until 3 o'clock p. m.)

#### AFTER RECESS.

(The hearing was resumed at the expiration of the recess.)

The **CHAIRMAN.** Dr. Inman, if you are ready we will continue.

#### TESTIMONY OF DR. SAMUEL GUY INMAN—Resumed.

**Dr. INMAN.** If I remember correctly, Mr. Chairman, we were talking about the improved conditions in Mexico.

**Senator BRANDEGEE.** You were talking about railroad earnings in Mexico. I think you were about to start on that.

The **CHAIRMAN.** You were discussing exports, imports, railroad earnings, etc.

**Dr. INMAN.** I had quoted some of the investigations of the trade bureaus and banks, etc. Here are others reported from about 20 leading importing and exporting firms of San Francisco who do business in Mexico, dealing in various lines of staple products, which have just made reports as follows:

Sussman, Wormser & Co. say:

We take pleasure in stating that our business dealings with the merchants of the Republic of Mexico are entirely satisfactory and the volume appears to be on the increase. Our representative in Mexico states that as far as he has occasion to observe conditions are tranquil and secure, which statement seems to be borne out by the fact that all of our shipments reach their respective destinations complete and in good order.

The **CHAIRMAN.** Where are these shipments from?

**Dr. INMAN.** This is a San Francisco firm.

The **CHAIRMAN.** They do not state where the shipments are from?

**Dr. INMAN.** No, sir.

The **CHAIRMAN.** Do they not give any data at all as to whether they are shipments through Guaymas, Tamaulipas, or Acapulco?

**Dr. INMAN.** No, sir; that is a complete statement, as far as I have it here.

**Daniel M. Burns,** president and general manager of the San Dimas Co., a former candidate for the United States Senate and well known in the western section of the United States, says:

Our company, the Mexican Candelaria Co., has been engaged in the mining and mercantile business at San Dimas, Durango, and at San Ignacio, and Contra Estaca, Sinaloa, Mexico, for about 35 years. We have operated continuously during all of that period. Our mining properties were not disturbed

in their operations during the revolutionary period. I consider the Mexican situation very much improved, and believe that the present administration is fully able to control the disturbances that are occurring.

Here is a statement made by L. Dinkelspiel Co. (Inc.):

Regarding our experiences with accounts in Mexico we wish to state that for the past three months our business has materially increased, and orders for the past month have been received in more satisfactory shape than usual. Payments of our accounts have been prompt and our financial experience has been very satisfactory, indeed. We are shipping goods in large amounts to responsible accounts, and we now do business in that country without hesitation.

Alberto Scott & Co. say:

As far as we are concerned, and have been able to ascertain from other firms, collections in Mexican business have been very satisfactory. We handle a great many accounts and advance freights and consul fees, and during the 15 years our firm has been in existence we have suffered no loss from these advances, but on the contrary, they have been always promptly paid. We feel certain that exports are increasing.

I take it, Mr. Chairman, that there is no use reading further.

The CHAIRMAN. Where is that from?

Dr. INMAN. From San Francisco.

The CHAIRMAN. What was the occasion of these statements being made, Doctor?

Dr. INMAN. I beg your pardon?

The CHAIRMAN. How did these statements happen to be made?

Dr. INMAN. I do not know. I simply got this copy from the Christian Science Monitor, which just mentions the matter——

The CHAIRMAN. Have these statements any connection with your missionary board work?

Dr. INMAN. No, sir; none whatever.

The CHAIRMAN. Or any connection with your efforts in sending out material through the League of Free Nations, or missions board?

Dr. INMAN. No.

The CHAIRMAN. You are sending out matter for publication, to the different papers, with reference to conditions in Mexico?

Dr. INMAN. We have been, yes; for years.

The CHAIRMAN. This has nothing to do with that at all?

Dr. INMAN. No, sir.

The CHAIRMAN. You do not know who secured these statements nor the occasion for which they were secured, nor why?

Dr. INMAN. No, sir; I do not.

Senator BRANDEGEE. What issue of the Christian Science Monitor was that? What was the date?

Dr. INMAN. I do not believe this clipping states it. Unfortunately, it is not in here. I remember the clipping was published in the Christian Science Monitor.

In this week's Outlook there are a number of statements along those same lines. I will be glad to furnish the committee with all of those statistics. One of the things pointed out there is that the United States trade with Mexico, imports, for example, about doubled from 1911, when they were one hundred and ten millions, to 1918, when they were two hundred and fifty-six millions; and exports just about trebled. In 1910 they were fifty-seven millions, and in 1918 they were one hundred and fifty-eight millions, leaving a Mexican trade balance in favor of Mexico of ninety-seven millions

of dollars. These figures are from our own Department of Commerce.

The CHAIRMAN. What are those exports, principally?

Dr. INMAN. Exports into Mexico from the United States.

The CHAIRMAN. There is a trade balance in favor of Mexico. Of what does it consist?

Dr. INMAN. Of course, these figures are taken from the United States records.

The CHAIRMAN. I understand.

Dr. INMAN. They show, for example, that we have imported more copper, silver, sisal, and oil, which are among the four largest importations, than Mexico has bought from us.

The CHAIRMAN. What were the oil imports?

Dr. INMAN. Imports of crude oil from Mexico: In 1915 there were 734,000,000 gallons, at a value of \$9,000,000 plus. In 1916 it had increased to 845,000,000 gallons plus, at a value of \$11,000,000 plus. In 1917, 1,257,000,000 gallons plus, and the value had increased from \$11,000,000 to \$16,000,000 plus. In 1918 the imports into the United States had increased to 1,583,000 gallons plus, and the value had increased from \$16,000,000 to \$21,000,000 plus. "To present figures for the years preceding 1915," says the author, "is quite unnecessary, because they were less than any given above, and they are not worth mentioning in comparison with the enormous present-day volume of about 4,000,000 barrels a month to the United States."

The CHAIRMAN. What were the other imports from Mexico into the United States, principally?

Dr. INMAN. The principal imports were sisal——

The CHAIRMAN. From Yucatan?

Dr. INMAN. Yes, sir. Silver——

The CHAIRMAN. What was the sisal, if you have it there?

Dr. INMAN. I have not the sisal here, in my notes, but it is given in that article, which I will submit to you. Sisal led, I think, in all of the imports to the United States, and, in fact, we get all of our sisal from Mexico.

The CHAIRMAN. We get it all from Yucatan. That part of Mexico they always distinguish. I suppose you know that the citizens of Yucatan do not call themselves Mexicans. They call themselves Yucatecs.

Dr. INMAN. It is part of Mexico, however.

The CHAIRMAN. Oh, yes; but all the sisal that is exported from Mexico is from Yucatan?

Dr. INMAN. Yes, sir. The sisal, oil, lead, and zinc, and three-fourths of the silver that we imported from anywhere were imported from Mexico last year. It seems to me that it is significant that we have gotten all of our sisal and oil and lead and zinc from Mexico.

Senator BRANDEGEE. What do you mean by that?

Dr. INMAN. All we get in this country, practically.

Senator BRANDEGEE. All that we import?

Dr. INMAN. All that we import; yes, all those four and three-fourths of the silver that we import from any part of the world. Certainly our relations have been pretty well with Mexico during the last year, if we have gotten these 4 principal things out of the 12 things that we have to import from all parts of the world from Mexico, and have been entirely dependent on Mexico for them.

The CHAIRMAN. Doctor, how do they happen to come to us rather than to go to other countries? How do they happen to come into the United States rather than to go to Europe?

Dr. INMAN. Our American manufacturers and business men largely hold the interests down there.

The CHAIRMAN. Oh. The Americans, then, are getting these out in Mexico and bringing the shipments into the United States?

Dr. INMAN. Well, of course—

The CHAIRMAN. It is these American interests, I mean, that own the silver mines and copper mines and oil wells, principally, at any rate?

Dr. INMAN. Yes; probably not so much so with sisal.

The CHAIRMAN. It is through American ownership of those mines and wells that we get the imports?

Dr. INMAN. Yes, sir. But the fact that we have been able to get those out, and the fact that the mines and all those interests have been going, it seems to me is something that is not generally known in this country.

The CHAIRMAN. Would it interrupt you if I were to ask you this question? You have given out in some of your publications or some of your interviews, I think, the fact that some oil companies in Mexico have been paying some Mexican bandit for protection. Do you know anything about that at all?

Dr. INMAN. The only reference that I have made to that, Mr. Chairman, is in a private letter which I sent to various members of mission boards who were in Mexico in February.

The CHAIRMAN. I will ask you about that letter later; but right now I just wanted to ask you about the oil. Do you think it would have been possible for the United States and Great Britain to have gotten along very well in this last year without the oil from Mexico?

Dr. INMAN. I certainly do not.

The CHAIRMAN. You think it was necessary for war purposes?

Dr. INMAN. Yes, sir.

The CHAIRMAN. You know how they got it, do you not? In this letter that you speak of, or in some other statement, you referred to the fact that these oil companies pay tribute to someone. Could they have gotten the oil which was necessary for carrying on this war without paying tribute?

Dr. INMAN. Of course, I could not say, absolutely, but I am inclined to believe that the Carranza Government would have been able to give that protection if they had cooperated with Carranza in the same way—

The CHAIRMAN. But Carranza did charge a tax on every gallon of that oil and received the money for it, did he not?

Dr. INMAN. Yes, sir. I understand so.

The CHAIRMAN. Then they were cooperating with Carranza to the extent of paying all the taxes he levied on them?

Dr. INMAN. Yes, sir.

The CHAIRMAN. If they were paying all the taxes that Carranza levied, why did not Carranza protect them? You say he could have done it?

Dr. INMAN. As I understand the situation, the bandit leader in that part of the country was continued, and therefore it made it very difficult for Carranza to dislodge him.

The CHAIRMAN. You think that all these oil companies, just simply because they wanted to, were willing to pay tribute; that is, they paid all the usual taxes of Carranza and then, aside from that, they would also support some bandit by paying tribute to him?

Dr. INMAN. No, sir; I do not think so at all; but I think they were mistaken in their judgment about that.

As to financial conditions in Mexico, I recognize what you said this morning, Mr. Chairman, that Mexico has not paid anything on her national debt, I suppose, since 1913. The Mexican Government has had to put those things in abeyance, because it has simply been impossible for them to meet their own necessities and still pay during the time of revolution; but year by year they are increasing their national income and they hope to come to a point very soon where they will be able to pay a per cent of interest on their foreign loans, as well as sustain their National Government.

The CHAIRMAN. If it costs them more year by year to sustain their National Government, and they only advance their income in proportion to their own costs, what hope have the creditors for getting any money?

Dr. INMAN. They have this hope: That about three-fourths of the revenue is now spent on maintaining a very large army, and when that army can be reduced, the bandits having been reduced, the money can be put to other purposes.

The CHAIRMAN. They have had to increase their army every year as their income has increased?

Dr. INMAN. I suppose that they are maintaining as large an army as they can for the putting down of banditry.

The CHAIRMAN. Then, if their income were increased as rapidly this year as it did last year, you think they would increase their army as rapidly as they did last year; is that it?

Dr. INMAN. I should think until they get the bandit situation in control they will give their principal attention to that.

I believe, Mr. Chairman, that conditions are getting very much better in regard to the bandits themselves. I read the Mexican papers and see in those papers accounts both favorable to the Government and in opposition to the Government, of this, that, and the other jefe of the bandit forces having been captured, and the general policy seems to be to shoot the jefe and let the others go. Of course, Morales has been pretty well pacified. The leaders have gone over into Oaxaca, I understand, and with the exception of certain districts in Chihuahua, Tamaulipas, Oaxaca, and Vera Cruz, there are pretty safe conditions. In fact, I do not know of any city or any town of a thousand population in Mexico that is held by any force except the Carranza forces. These bandits come in and attack like they did at Parral. It is a question of taking and holding a town for a day or two and then retiring. Carranza absolutely controls all the State capitals and railroads. The trains are running on practically all of the roads, and Carranza has control of all of the towns, except, as I say, as the bandits come in and take a town and then retire again.

The CHAIRMAN. Where did you get your information that you are now giving us? Through the reading of the Mexican papers that you speak of?

Dr. INMAN. No, sir; I got it, first, from my own experience down there in January, February, and March, and I got it from the missionaries who are located in all parts of Mexico and with whom I have continued correspondence. For instance, in January there were 22 representatives of mission boards who went to attend a conference in the city of Mexico. Some of them went into Mexico by way of Arizona and went down the west coast through Sonora, through Guadalajara to Mexico City; others came through El Paso, down to Chihuahua and Durango to Mexico City. Others came from Eagle Pass and others from Laredo down through Monterey and San Luis to Mexico City; others through Brownsville and Tampico to Mexico City; others from Vera Cruz. Some of these ladies and gentlemen had not traveled in Mexico and did not speak any Spanish, but they all arrived without any untoward event whatsoever, in the city of Mexico, and we had our conference there. I should be glad to read here a resolution that was passed at the time.

The CHAIRMAN. Give the date of it, please.

Dr. INMAN (reading):

The conference of Christian workers meeting in the City of Mexico, February 17 to 22, 1919, wishes to express its deep gratitude for the cordial way in which it has been received by all the people and for the fact that improved conditions and the open-mindedness of the people permit Christian work to be carried on in all parts of the Republic, with protection and welcome for the workers.

The 20 delegates from the United States, before arriving at the capital, have visited their work in all sections of the country, the routes of some being through Nogales, Sonora, Sinaloa, and Guadalajara; others through El Paso, Chihuahua, and Aguas Calientes; others through Laredo, Monterey, and Saltillo; others through Matamoras, Victoria, Tampico, and San Luis Potosi; and others through Vera Cruz, Jalapa, and Puebla. Such travel has been attended with no untoward incident whatever, and with a far greater degree of comfort than was anticipated.

Many encouraging evidences were found of the fact that the country is slowly but surely returning to normal conditions, socially, economically, and politically. While some outlying districts are still greatly disturbed, practically all the centers exhibit stable conditions.

We recognize keenly the many difficulties against which the Government is working in restoring the country to a normal life, and register our hearty sympathy with the Mexican people in their earnest struggle toward the real democracy.

We pledge ourselves to do all within our power to promote a closer friendship and clearer understanding between the two neighboring Republics, both by making known in the United States the real developments and deep aspirations we have found among the Mexican people, and by encouraging in every possible way the increase of those institutions and movements which are set to aid Mexico in her struggle toward a new life.

That is precisely, Mr. Chairman, the attitude that I myself represent and which I think all of our missionary forces represent. To me the most significant thing in all the Mexican movement is the fact that there is one force of people who have a positive program for the solution of the Mexican problem which however much it might be quieted with our arms could never be solved. If we should go into Mexico with our army, we would only hope to quiet the country and put in a program of education and development. The missionary forces have been working on that in a very small way during the past, but during the last five years they have made a very extensive and scientific study of what the Christian forces of North America could do in a large way toward the real solving of the Mexican problem.



We believe that it is not a revolution that ought to be squelched, but it is an evolution that ought to be guided, and we have worked out during the last five years this positive program which is outlined in this little pamphlet.

I am aware that some people may say that it is entirely too small a thing for us to consider in our international relationships, but as I said this morning, the young men who have large influence in Mexico at the present time, a great many of them, are identified with our churches and a number of others have been under the influence of the American churches, who have been teaching them the spirit of democracy as we interpret it here in our country.

The CHAIRMAN. Would you object to giving us the names of some of those people, besides Prof. Osuna?

Dr. INMAN. Prof. Moises Saeng, who is at present head of the National Preparatory School in the City of Mexico.

The CHAIRMAN. What influence has he with the Carranza Government or with the people of a special nature?

Dr. INMAN. He has probably the most influential school in Mexico. I mean it stands even ahead of the national university in influence. During all of these years it has been looked upon as the great national school where most of the—

The CHAIRMAN. During what years?

Dr. INMAN. Since its organization some 30 years ago, during the Diaz régime, as well as at the present. In other words, the National University in Mexico is more or less a name, but the National Preparatory School is where every young Mexican of intellectual attainments looks forward to attending and fitting himself for a professional career.

His brother, Aaron Saeng, is also one of these young boys that I used to know in Christian Endeavor Society down there, but who has come up now. I think at the present time he is the minister from Mexico to Brazil. He was chief of staff for Gen. Obregon while Obregon was secretary of war.

The CHAIRMAN. Have any of these young men you speak of any official connection with the Carranza Government through which they hold Government positions?

Dr. INMAN. This appointment of Mr. Saeng, for example, was directly made by President Carranza.

The CHAIRMAN. I understand; but he is in Brazil; he is not in Mexico. I am speaking of those in Mexico.

Dr. INMAN. I mean Mr. Saeng, the head of the National Preparatory School. That is the position dependent upon the President of the Republic for appointment.

The CHAIRMAN. I mean in an official position, as official adviser in matters of government, and so forth. Have any of these young men that you speak of such positions? Luis Cabrera, for instance—

Dr. INMAN. No, sir.

The CHAIRMAN. Any of the other members of the cabinet or in the National Government in any way?

Dr. INMAN. Yes, sir.

The CHAIRMAN. In an official way?

Dr. INMAN. There is a senator, Jonos Garcia, who is a former Protestant minister, and there are several congressmen.

The CHAIRMAN. How many senators are there?

Dr. INMAN. You mean entirely?

The CHAIRMAN. Yes, sir.

Dr. INMAN. I don't recall, Mr. Chairman.

The CHAIRMAN. There are two from each State, are there not?

Dr. INMAN. Yes. There is Mr. Alphonso Arera, who is secretary of the university, and one of the chief advisers in educational affairs. While I take it he is not a member of any Protestant church, yet he is very sympathetic, and he just returned from eight years in Columbia University. It is the influence on education particularly of these things.

The CHAIRMAN. Yes; I understand that you have several Protestants at the head of or connected with part of the educational institutions, either of the Government or private institutions. Of course, my question was directed to the influence directly upon the Government itself by any of these men occupying any such position. I misunderstood when you made the general statement as to the influences which are existing there. I misunderstood you. I thought you had reference to some official position they might have as governors of the States or in some official capacity.

Dr. INMAN. Well, I mean that also, Senator.

The CHAIRMAN. You mentioned 1 member of the Senate out of 54.

Dr. INMAN. Mr. Paralta is a congressman. I could give you a list of those. I think there are several.

The CHAIRMAN. There are more than 100 congressmen, of course?

Dr. INMAN. I mean there are several Protestants in Congress.

The CHAIRMAN. Yes.

Dr. INMAN. So far as those who have been educated in American schools are concerned, in American schools in Mexico, they are quite numerous. I don't suppose there are any two men in Mexico that are more highly regarded by the President and have more influence with him than Adrios Osuna and Azor Osuna. These two brothers are quite prominent in our work.

The CHAIRMAN. This morning you said Mr. Osuna had informed you that Mr. Carranza was opposed to some provisions in the constitution?

Dr. INMAN. Yes.

The CHAIRMAN. Article 271, if I recall it, and some other provisions.

Dr. INMAN. He said the radical provisions of the constitution.

The CHAIRMAN. Did not Mr. Osuna meet some of the other governors on the border recently for a conference? Did he not meet Gov. Hobby, of Texas, there?

Dr. INMAN. Probably so.

The CHAIRMAN. You don't recall whether or not he at that time defended the radical provisions of the constitution himself, whether Mr. Osuna did.

Dr. INMAN. No, sir.

The CHAIRMAN. You don't know whether he did or not, you mean?

Dr. INMAN. I don't know whether he did or not. I don't believe he did. I don't believe he would, I mean. Of course, I never heard any reference to that at all.

The CHAIRMAN. You speak of the influence with reference to the schools. Have you had your attention called to the closing of the

schools at the City of Mexico, in the municipality of the federal districts, lately?

Dr. INMAN. At what time?

The CHAIRMAN. Just very recently.

Dr. INMAN. I knew of a teachers' strike down there on account of not receiving their salaries.

The CHAIRMAN. Was that a general strike?

Dr. INMAN. I understood it was a strike of the primary teachers in the City of Mexico and some probably in the federal districts.

The CHAIRMAN. Do you know of anything about machine guns having been used to put down that strike?

Dr. INMAN. No, sir.

The CHAIRMAN. You read Spanish, do you not?

Dr. INMAN. Yes, sir.

The CHAIRMAN. See if this will inform you as to the closing of schools for any other reasons [handing witness a newspaper clipping]. Have you had your attention called to that?

Dr. INMAN. No, sir. I think I ought to say, however, that this refers to municipal schools, and the municipal schools in Mexico are very few indeed. The federal treasury has largely supported the public schools of Mexico, and during the last 10 years there has been this endeavor of the Federal Government to pass on to the municipalities the responsibility for maintaining the schools. However, it has generally been a failure, because the municipalities, either because of their lack of interest in education or their deep interest in politics, would not conduct these schools in a satisfactory way.

The CHAIRMAN. Then your information is that formerly the national government supported the schools?

Dr. INMAN. And that they are largely supported by it at the present time.

The CHAIRMAN. Is your information to the effect that under Diaz's administration the public schools throughout the Republic of Mexico were supported by the national government?

Dr. INMAN. Except in a very small number of cases; yes.

The CHAIRMAN. I have been familiar with Mexico for thirty-odd years, and I never heard of it. It is news to me.

Dr. INMAN. I sat on what might be called the board of trustees of one of the municipalities, and I know that they endeavored at one time to turn all the responsibility over to the municipalities. That was in the State of Coahuila.

The CHAIRMAN. That is in States. You certainly differentiate between States and the nation, do you not?

Dr. INMAN. Certainly, I do.

The CHAIRMAN. Do you mean to say the national government, itself, was supporting the State schools?

Dr. INMAN. Yes, sir; I mean to say the national government was supporting those schools.

The CHAIRMAN. In what way?

Dr. INMAN. By directly sending their salaries there, and they got their checks from the national treasury. This refers to that small number of schools that were supported by municipalities.

The CHAIRMAN. Do you understand that article to state that? What was the strike of teachers you referred to a little while ago? You said that was a strike of national school teachers?

Dr. INMAN. There has been an endeavor recently, as I say, to pass on that responsibility, and it has played back and forth. They never arrived at a decision. Now, in the federal district, the district had taken upon itself the supporting of the schools. The federal district did not pay the salaries.

The CHAIRMAN. Are you not getting mixed up, Doctor, between the federal districts, the States of the union, and the nation, itself?

Dr. INMAN. I think not.

The CHAIRMAN. We have a little different government in the Federal District than that of the States.

Dr. INMAN. I don't think I am mixed up, myself. Maybe I have mixed up my statements. So far as the illustration about the strike is concerned, in the federal district, which we will call the municipality, in the municipality of the City of Mexico, the government has demanded that this municipality take upon itself the responsibility of paying the teachers. They did so, but they did not pay the teachers, and the teachers struck. The solution of the strike was throwing back on the national treasury again the payment of the teachers of the City of Mexico, and that is the way the strike was settled.

The CHAIRMAN. The teachers, then, are being paid now by the national government?

Dr. INMAN. By the national government; if that has not been changed within the last few weeks.

The CHAIRMAN. Why were these teachers not being paid by the national government, that this article refers to?

Dr. INMAN. That is simply one of those points of confusion, as I say, which have existed for a number of years between the municipality and the national government.

The CHAIRMAN. Where is the municipality of Tacubaya?

Dr. INMAN. That is in the Federal District.

The CHAIRMAN. That is in the Federal District?

Dr. INMAN. Yes, sir.

The CHAIRMAN. Where is Guadalupe Hidalgo?

Dr. INMAN. I think it is in the Federal District.

The CHAIRMAN. Tlalpan?

Dr. INMAN. I think it is in the Federal District.

The CHAIRMAN. Ixtapalapa?

Dr. INMAN. I think it is in the Federal District.

The CHAIRMAN. Mixcoac?

Dr. INMAN. I don't know about that.

The CHAIRMAN. Coyoacai?

Dr. INMAN. I don't know about that.

The CHAIRMAN. Xochimilco?

Dr. INMAN. Federal District.

The CHAIRMAN. As a matter of fact, all these municipalities that you speak of, that are represented in this article to which I called your attention, are in the Federal District of which you are now talking, where the strike of these teachers occurred?

Dr. INMAN. Well, but in the City of Mexico the national government took over the payment of the teachers, and that is the way the strike was settled. If they haven't taken over the payment of teachers, it would mean the strike is continuing.

The CHAIRMAN. There is no strike mentioned in this article from the Mexico City paper.

Dr. INMAN. Simply that the schools were closed.

The CHAIRMAN. That the schools were closed for lack of funds.

Dr. INMAN. It would be the same in the City of Mexico if the national government had not paid the bills. They simply refused to pay the bills in those particular municipalities.

The CHAIRMAN. Doctor, to go to another subject now, you spoke awhile ago about sisal industry in Mexico. I call your attention to the fact that that industry is confined to the State of Yucatan. Who, recently, since the incoming of the Carranza administration, brought order out of chaos there, if anyone, with reference to the sisal industry? Do you remember?

Dr. INMAN. Do you refer to Alvarado?

The CHAIRMAN. Yes; Gen. Alvarado. He was the governor of that district for a long while, was he not?

Dr. INMAN. Yes, sir.

The CHAIRMAN. Did you know him?

Dr. INMAN. No, sir.

The CHAIRMAN. Well, you have read of the socialistic enterprise that he entered into down there, have you not?

Dr. INMAN. Yes, sir.

The CHAIRMAN. You approved of that, did you not?

Dr. INMAN. I don't know as I did, because I never understood it.

The CHAIRMAN. Oh, you did not?

Dr. INMAN. No, sir.

The CHAIRMAN. I supposed you had studied it. I know a good many people here have, and have approved of it.

Dr. INMAN. There are so many different reports about that I never could form an opinion.

The CHAIRMAN. You say you knew Alvarado, or knew of him?

Dr. INMAN. I didn't know him.

The CHAIRMAN. You knew of him? .

Dr. INMAN. Yes, sir.

The CHAIRMAN. He has been one of Carranza's staunchest supporters, has he not?

Dr. INMAN. Well, I take it so, although he has criticized Carranza.

The CHAIRMAN. Do you know Pablo Gonzales?

Dr. INMAN. I never met him, personally.

The CHAIRMAN. You know who he is?

Dr. INMAN. Yes, sir.

The CHAIRMAN. He is the general commanding the City of Mexico?

Dr. INMAN. Yes, sir.

The CHAIRMAN. Has his relations with Gen. Carranza been close or otherwise?

Dr. INMAN. I don't know, Senator.

The CHAIRMAN. Do you know Gen. Dieguez, commander of the department of the northwest or north?

Dr. INMAN. No, sir; I do not.

The CHAIRMAN. Do you know of him?

Dr. INMAN. No more than simply the name.

The CHAIRMAN. Do you know Gen. Fortunato Zuazua, who is in command in Coahuila and Tamaulipas and those States, and who

recently issued a proclamation that everything was quiet and peaceable there?

Dr. INMAN. No, sir.

The CHAIRMAN. You do not know the military commanders at all in the district you are operating in down there?

Dr. INMAN. Why, except there were some few that were friendly before they went into the military service.

The CHAIRMAN. You were stationed at Saltillo for a number of years?

Dr. INMAN. Only for a few years. I was largely at Monterey and Pedros Negros.

The CHAIRMAN. When did you first go to Monterey and Pedros Negros?

Dr. INMAN. In 1905 I went to Monterey.

The CHAIRMAN. How long did you remain at Monterey and Pedros Negros and Saltillo?

Dr. INMAN. I was in the country altogether for 10 years. A few months in Saltillo and a large part of the time at Piedras Negras.

The CHAIRMAN. Among the military men in Mexico and among the governors, and—and they are generally a combination, I believe, of military and civil statesmen—they are staunch supporters of the Carranza administration, are they not?

Dr. INMAN. Well, I don't feel I could answer that, Senator.

The CHAIRMAN. Well, now you spoke of sisal being a large industry there. Alvarado, whom you mentioned, had entire charge of the sisal industry, did he not?

Dr. INMAN. I really don't know whether he did or not. I don't know the details of that.

The CHAIRMAN. Well, you have written a book on Mexico, have you not?

Dr. INMAN. Yes; but I never touched that, because I have never been clear about the situation in Yucatan.

The CHAIRMAN. Have you read the last criticism or the open letter of Citizen Alvarado addressed to Mr. Carranza and Gens. Gonzales and Obregon?

Dr. INMAN. I have read the reports in the American papers, but not the originals.

The CHAIRMAN. This is Spanish. You read Spanish?

Dr. INMAN. Yes, sir.

The CHAIRMAN. Would you object to reading some of those passages, first to yourself, and then preparing yourself to answering some questions about it? They are various passages which are underscored in the article which I have handed the witness.

Dr. INMAN. That was practically summarized in our press, was it not?

The CHAIRMAN. I don't remember, Doctor, whether it was or not. I was very much interested in reading it.

Dr. INMAN. It has been reported twice.

The CHAIRMAN. I was so much interested in reading it that I have had a translation made of those matters which are marked in the article.

Dr. INMAN. I read the summary, and I think it is pretty well covered her.

The CHAIRMAN. From your knowledge of Mexico, do you think the statements of Gen. Alvarado correctly set forth the condition in Mexico or not?

Dr. INMAN. Well, I think that, of course, he could probably substantiate what he says, but I think he has exaggerated it, just like all politicians do. Of course, you have referred already to the fact that Gen. Alvarado is more or less of a socialist, and coupled with that fact he is a candidate for the presidency.

The CHAIRMAN. Oh, is he?

Dr. INMAN. Yes. He has recently started a newspaper in the City of Mexico to advance his candidacy for president.

The CHAIRMAN. Is he at the present time holding office by appointment of Gen. Carranza?

Dr. INMAN. No, sir; I don't think he is. I think he has retired from the Carranza Government.

The CHAIRMAN. Do you know when he retired?

Dr. INMAN. It is my recollection that he retired when he established this paper, or a few months ago.

The CHAIRMAN. He is not the general in command of the Carranza forces for the department of the southwest and south?

Dr. INMAN. No, sir.

The CHAIRMAN. Was he?

Dr. INMAN. In Yucatan; yes, sir.

The CHAIRMAN. Only in Yucatan?

Dr. INMAN. I don't know how far his jurisdiction extended.

The CHAIRMAN. However, he held the office of governor of Yucatan for some time?

Dr. INMAN. Yes, sir.

The CHAIRMAN. Do you mean that is when he retired and that he has not held office since that?

Dr. INMAN. No, sir. I understand he has retired during these last few months, when he began his paper in the city of Mexico; that he thought he could do more good on the outside of the administration than he could on the inside; that it would give him a free hand. Of course, he is running his paper, and I think it is natural for a candidate for the presidency in Mexico, as well as in the United States, to make a few exaggerations in his statements. And taking it also into consideration that he is a socialist and has these idealistic things before him, it is very natural.

The CHAIRMAN. You think it is only the candidates for office in Mexico who make wild statements?

Dr. INMAN. I wish it were only the candidates for office.

The CHAIRMAN. Do you think Gen. Carranza does not make any statements except those that are absolutely correct?

Dr. INMAN. No, sir. I don't want to impress you, Senator, as being a defender of Mr. Carranza at all.

The CHAIRMAN. Well, I have been accused of having attacked him, and I wanted to find some one who would defend him.

Dr. INMAN. I defend Mr. Carranza's personal character, as I have known him as a neighbor, and his intentions, and that sort of thing, but I certainly recognize that he has made a lot of mistakes.

The CHAIRMAN. You were speaking, doctor, of some of your people having gone down to the City of Mexico, by way of Guaymas, entering at Guaymas, by Laredo, and El Paso?

Dr. INMAN. Yes; up through Nogales.

The CHAIRMAN. In La Gaceta of Guaymas, Sonora, under date of Monday, August 4, 1919, I call your attention to an article in reference to the raid of the Yaqui Indians on the town of Guaymas, and the condition of people there with regard to protection. I think that is the purpose of it. Does that state the conditions in Guaymas?

Dr. INMAN. Don't understand me to say those raids are not occurring every once in a while.

The CHAIRMAN. I think there is some reference in that article to the effect that prior to the revolution they had not occurred for a hundred years or something like that.

Dr. INMAN. Senator, you certainly remember that the Yaqui Indians have always been giving trouble over there.

The CHAIRMAN. Oh, I have been among them, yes; but I don't recall any raids on the city of Guaymas. The city of Guaymas is one of the oldest cities and one of the principal shipping points on the western coast of Mexico, is it not?

Dr. INMAN. I agree with you absolutely there are more raids in Mexico now than there were in the latter days of the Diaz administration.

The CHAIRMAN. I understand, but you are now testifying as to the improved conditions in the last year in Mexico?

Dr. INMAN. Yes, sir.

The CHAIRMAN. If you will read that article there possibly you might note that they do not think so, although Sonora is generally proclaimed to be the quietest State in the Union.

Dr. INMAN. You notice that refers to 10 bandits who entered the city.

The CHAIRMAN. Yes; and the capture of certain citizens in the city.

Dr. INMAN. That simply comes back to the point that I endeavored to make this morning, that they are coming out of conditions such as we had to come out of in our western life, 40 or 50 years ago.

The CHAIRMAN. Their life is very much older than our western life, is it not? Do you know when Guaymas was settled?

Dr. INMAN. No; I do not.

The CHAIRMAN. Do you know about the Spanish expedition into New Mexico in 1541? Do you know where it started from?

Dr. INMAN. No, sir.

The CHAIRMAN. It started from Mazatlan, just below Guaymas, the next seaport below. It might interest you, Doctor, to go back into old Spanish history a little before you write another book on it.

Dr. INMAN. Well, maybe I will.

The CHAIRMAN. You will find they had their churches and their schools from 1550 right there in that neighborhood, and from then on down to the present time, and they had sixty-odd revolutions before Diaz.

Dr. INMAN. Well, as I say, my belief is that those people are going through a process of evolution, and I have no desire at all, even if I could make this committee believe it, to impress you with the



idea that there is a fine condition of things in Mexico at the present time. I recognize there is not, absolutely.

The CHAIRMAN. The committee gives you credit for being absolutely sincere, of course, in what you are trying to do.

Dr. INMAN. You have referred several times to my book. Of course, it just simply represents a few things I have thought.

The CHAIRMAN. I understood you to say that you have in your book what you learned in your last trip down there?

Dr. INMAN. No, sir. The book is an endeavor to interpret my view of Mexico, which I have been establishing during the last 15 years, during which time I have been in direct contact with it.

Senator BRANDEGEE. What is the name of your book?

Dr. INMAN. Intervention in Mexico.

Senator BRANDEGEE. When was it published?

Dr. INMAN. It is just off the press. I will be very glad to leave a copy with the committee.

The CHAIRMAN. We will be very glad to have it.

Dr. INMAN. I do not want to work off any of my own personal material on you, but if you care for it, I might sell a few copies.

The CHAIRMAN. The purpose of the committee is to get all the truth, and when you make a general statement we want to know upon what it is founded. There is enough general talk about Mexico, and this committee is charged with the duty by the United States Senate of attempting to ascertain the actual truth about Mexico, and then to report to the Senate what the truth is, as near as we can discover.

Dr. INMAN. I recognize that, Senator, and come with the same frankness and the same attention.

The CHAIRMAN. And we thank you for it.

Dr. INMAN. And I am rather imposing a theory, if you please, right or wrong. I don't claim it is right, but it is a theory that I absolutely believe in, and I have come to that theory of course because of certain things which appear to me to be facts, and I am profoundly convinced of the fact that Mexico has gone through a revolution, a real revolution.

The CHAIRMAN. Yes; we think so.

Dr. INMAN. And there has been a lot of fighting down there to bring about a better condition, and there are a lot of young fellows who are interested in making those conditions a great deal better. I came in contact with those young fellows some years ago. I had something to do with teaching them democratic life. I started to teach the constitution in Mexico, when I was told by the Diaz authorities that that was not a thing to be taught in Mexico, that the constitution was something to be kept behind glass doors, to be exhibited, but not to be taught in an institution. Those are theories I have developed in coming in contact with the young life in Mexico during these years.

The CHAIRMAN. You are personally acquainted with Mr. Carranza and were before he led this revolution?

Dr. INMAN. Yes, sir.

The CHAIRMAN. And you have expressed admiration for him as a citizen. And he is a lawyer, is he not?

Dr. INMAN. Well, I think he studied law when he was a young fellow, but rather went into the ranching business.

The CHAIRMAN. You are familiar with his program of revolution, the plan of Guadalupe?

Dr. INMAN. Yes; I have read that program.

The CHAIRMAN. And you have read his authority to lead the revolution, his statement that it was based upon the constitution, in the program of the plan of Guadalupe?

Dr. INMAN. Upon the old constitution.

The CHAIRMAN. He cited an article of the constitution as the basis for his authority to lead the revolution, did he not?

Dr. INMAN. I think so.

The CHAIRMAN. He had reference to the constitution of 1857, and the amendment of it up to 1874, did he not? That was the constitution he was talking about?

Dr. INMAN. I suppose so.

The CHAIRMAN. And it was upon his agreement of 1915 to restore the constitutional government that he was finally recognized by this Government, was he not?

Dr. INMAN. I suppose so; but I am not prepared to answer that question positively.

The CHAIRMAN. Of course, you have the lines upon which you have been writing and thinking, and this committee is not composed of theorists; we are trying to get at the facts. This Government recognized Mr. Carranza on and under the constitution of 1857. That is not in existence now, is it?

Dr. INMAN. I think the constitution of 1917 superseded that.

The CHAIRMAN. And there has never been any protest or trouble between this country and the Mexican Government concerning any provisions of the old constitution of 1857 or 1874, but only concerning the new constitution of 1917? Is that not correct? I mean protest as to the constitution itself?

Dr. INMAN. Not that I know of.

The CHAIRMAN. You do know that various protests have been made by this Government to the Carranza Government with reference to the present constitution, particularly article 27?

Dr. INMAN. Yes.

The CHAIRMAN. And this Government has declined to recognize at least article 27 of that constitution. In your judgment, would that have any effect upon the question of whether Mr. Carranza is at the present time recognized as the President of Mexico by this Government or not?

Dr. INMAN. In my judgment it would not have?

The CHAIRMAN. Now, I am going to ask you to take this copy of the El Heraldo and look at those portions of the Salvador Alvarado article that are underscored, and see if you correct this statement of amendment of interpretation or translation which I have, or whether this is correct. He states in his letter to Mr. Carranza, and he also mentions Gen. Obregon and Pablo Gonzalez—

\* \* \* We are not believed, nor are our statements taken into account, and this is quite natural after so many years of domestic strife and of failure to comply with our foreign obligations.

Do you find that correct?

Dr. INMAN. Yes, sir.

The CHAIRMAN. The second translation that I have is as follows:

\* \* \* On the other hand, can President Wilson turn a deaf ear to the clamor of his people, however committed he may be to the policy he has in Mexican matters?

If each objection that he raises is answered with the news of a fresh assault, of another murder, of a further dynamiting of a train \* \* \*

Dr. INMAN. I beg your pardon; would you just repeat that first portion?

The CHAIRMAN (reading):

\* \* \* On the other hand, can President Wilson turn a deaf ear to the clamor of his people, however committed he may be to the policy he has followed in Mexican matters?

If each objection that he raises is answered with the news of a fresh assault, of another murder, of a further dynamiting of a train \* \* \* etc.

It is necessary to inaugurate a policy \* \* \* In order to achieve it, it is essential that we loyally observe our international obligations.

\* \* \* Up to now, our incapacity to pacify the country is manifest. There are still regions in the power of the rebels, which do not recognize the federal government; while others, although occupied by federal troops, are also the hunting ground for innumerable rebel bands who avoid combat and are devoted to an interminable labor of extermination. The result is that there are few states in which life and property in the fields are not at the mercy of bandits, where insecurity prevails. Live stock has disappeared; mining is almost paralyzed, and agriculture subsists in a highly precarious manner. Those who dare engage in operations of this kind are forced to pay all kinds of exactions, and those who temporize with the rebels in order to be able to live in peace run the grave danger of being considered accomplices of the bandits.

To this critical situation there must be added the exorbitant taxes which make it even more unbearable \* \* \* the federal budget a few years ago amounted to a little over one hundred million pesos, and to-day, with a large part of these sources of income closed and the remainder in a critical condition, the budget has been doubled; and the same thing has happened with the budget of states and municipalities.

The persistence of the revolt and of the banditry maintains the country in a constant state of uneasiness, while discontent daily grows among law-abiding, peaceful and working men.

\* \* \* But when this persistence is prolonged, without its intensity being diminished \* \* \* It is necessary to look for the causes carefully. The character of this document compels us to speak, in a general way, of some of them.

\* \* \* The election of authorities does not represent the manifest wishes of the governed. It is quite a common occurrence for governors working with the military chiefs to impose in the most shameful manner picked candidates. On the one hand, the discontent which this produces, and on the other, the use of forces in these ignominious farces, instead of their being utilized in their true mission, which is that of guaranteeing order, allow the continuance of this banditry, and in some cases its increase.

\* \* \* It would be enough if the forces won the affection and regard of the inhabitants of towns for the banditry to be extinguished of its own accord \* \* \* But this can not be done so long as there are forces that commit more robberies and outrages than the rebels themselves.

\* \* \* It may be figured that 100 men, between soldiers and rebels, are killed daily, making a yearly total of 36,000 men. These casualties are of men able to work, and the number will be appalling if the state of revolt continues.

\* \* \* It is very far from my purpose to generalize in stating that the causes of the revolt lie in the abuses of the authorities and of the military chiefs charged with the pacification, since I can testify to the fact that there are among such some very honorable and conscientious men; but, unfortunately, there are others who are the direct and sole cause of the discontent prevailing in the region where they operate or govern. Their outrages and exactions are so irritating and notorious that if the inhabitants of the regions where they have pitched their camps have not risen in arms it is due to the fear and the weariness that afflict their souls.

\* \* \* I have never believed that the hiding of facts is advantageous to any government, and still less the hiding of those facts that are of common

knowledge, such as those that I have used as the basis for this letter \* \* \* It is then necessary to confess that if a different policy had been followed, we should by now have an efficient army and the country would be at peace. The army is costly and deficient, not precisely because of the members comprising it but because of its bad organization and administration. It is said that it is composed of 120,000 men. There have been both time and money to purify it, so that with 75 per cent of what it costs to-day, we might have had an army of 60,000 to 70,000 real soldiers, well fed, trained, strong, and disciplined.

\* \* \* We see how our political life passes successively from one extreme, sterile, irresponsible, obstructionist parliamentarism, to the other, despotic, absorbing, corrupt, and ultra-personalistic presidentialism. Our fundamental law \* \* \* is producing unexpected and disadvantageous effects, through lack of conscientious regulation. It is sufficient to cite articles 27 and 125, which require for their regulation and ability that has up to now not been demonstrated by the legislators.

\* \* \* The taxes of all kinds that are being levied throughout the country are unbearable, and it is not possible that business and the public can stand them indefinitely.

\* \* \* The administration of justice has never enjoyed a good name in our country, but its present reputation could not be worse; a wave of shameless and cynical immorality pervades the acts of judges and shysters, who sell justice to the highest bidder. It is true that the integrity of the justices of the supreme court has not been questioned; but the disorder and confusion prevailing in our laws is so appalling that this high tribunal can exercise practically no influence at all.

\* \* \* The much-discussed petroleum problem is less difficult of adjustment than at first glance appears. The assuring of the true national interests is not incompatible with satisfying the legitimate demands of holders of oil-lands.

\* \* \* As the so-called education is to-day imparted in our schools, we are merely producing hot-house erudited, ready candidates for bureaucracy and the tall-hat sponger.

\* \* \* Retinues of ignorant assassins at the call of chieftains whose sole aim is to attain power and wealth! And yet what a tremendous potential strength lies in this huge mass of beings, suspicious and distrustful of the greed and immorality of the half-breed!

\* \* \* No one thinks of the man; let him die like a dog in the gutter. \* \* \* There are lots, and more are born every day! In the City of Mexico alone 8,000 children die yearly who might be saved if they had better houses, sufficient and wholesome food and the care required for their development and keep. How many more perish throughout the Republic, and how many adult die through lack of subsistence and through ignorance. And how many thousands of able-bodied men die yearly through the prolongation of the revolt! If we glance over the daily news items, we shall see a combat here, an assault there, and everywhere an uninterrupted, continual blood-letting! Who does not know of the hideous hygienic conditions of our country! Dwellings, food, slums, clothing, and ignorance are the agents of death and destruction!

\* \* \* No money! There is always enough and to spare for decorative works, the so-called material improvements. There is always money for arms, for ammunition, for combinations, for banquets, for the enrichment of inner circles and for assuring a future. \* \* \*

\* \* \* I shall not close this brief review of conditions without citing what is, in my judgment, the gravest and most fundamental of all; the loosening of all moral restraint in the immense army of public servants. There are stories by the score of immorality, of bribes, of subornation, of business deals, of thefts; it is a wave of immorality that threatens to engulf everything, with not one single thing left upright and without strain.

And the most alarming symptom is the state of public opinion which, deadened, tolerant, and charitable, neither shows indignation nor does it rise in anger and righteous cursing, nor again does it spit its hatred and scorn in the face of the evil-doers.

\* \* \* Let us change the corrupt system that now prevails and we shall see men of high principles come to the fore who now struggle in vain against the general corruption.

\* \* \* Furthermore, the general indifference toward the elections has its origin in the disillusionment that the nation has experienced at the sight of our inability to satisfy its needs, breaking the promises made by the revolution, and at the proof of the lack of loyalty and magnanimity of many of the revolu-

tionists toward the revolution. \* \* \* Woe to us if we allow this great social movement \* \* \* to be prostituted merely to satisfy the animal appetites of a few rascals who instead of governing States and commanding troops should be occupying cells in a penitentiary. \* \* \* It is an easy matter to destroy; anyone can dynamite a train, cut down trees or destroy crops. On the other hand, to construct or to rebuild calls for knowledge and virtues of which, unfortunately for the country and to our shame, we have proved ourselves lacking.

\* \* \* Bad, very bad, will our administration be in Mexico so long as we continue to commit the traditional absurdity of intrusting the whole life of the country to a single man, with power to dispose of huge sums of money, of the army, of the navy, of deciding all the public and private affairs of all the inhabitants of the country, with power to declare war and to make peace, to enrich or ruin whole regions, to make or mar industries; on whose will depends the success of every business and enterprise.

\* \* \* The conviction exists abroad that we shall continue to be a troublesome neighbor that will not comply with his obligations until the strong nations come to a decision that will force us to change our policy.

What do you think of that statement of Gen. Alvarado as representing generally the conditions in Mexico?

Dr. INMAN. Well, I have said myself that conditions are very bad; that there is a great deal of graft in the army; and that before Mexico can do very much that graft would have to be eliminated. That is one of the reasons I am interested in the mission work in Mexico.

The CHAIRMAN. That is the reason I was asking it, as to what part, if any, the people of whom you are speaking as the higher class of young people, whom you have been assisting in educating, will take; and that is the reason I have been trying to ascertain from you what course, if any, they were taking in governmental affairs. I do not mean with reference to schools where their work is wonderfully successful, but I mean in directing governmental affairs in Mexico—State or municipal government or National Government.

Dr. INMAN. I would be very glad to submit a list of those, Mr. Senator. It would take some little investigation.

The CHAIRMAN. Of course, you would not admit that any of the charges of Alvarado apply to any of those people whom you spoke of?

Dr. INMAN. Unless some man had fallen from grace that some people believe him.

The CHAIRMAN. He was undoubtedly referring to officeholders and others.

Dr. INMAN. I think it is the general impression in Mexico that the army is weak, that it is full of graft, and that there is one of the big problems Carranza can not trust his army.

The CHAIRMAN. That is the reason I ask you as to your general knowledge of Gen. Fortunato Zuazua. You do not connect him in your mind with any occurrences in Mexico relating to American affairs?

Dr. INMAN. No; I do not.

The CHAIRMAN. Do you remember when the Red Cross was doing work in Coahuila and other States of the north at the same time that they were doing work in the City of Mexico, just before the Carranza recognition?

Dr. INMAN. Yes.

The CHAIRMAN. Do you remember the occasion of an attack upon a Red Cross train in the State of Coahuila below the border?

Dr. INMAN. No; I do not.

The CHAIRMAN. Occurring shortly before Carranza was recognized?

Dr. INMAN. I think I was in South America at that time.

The CHAIRMAN. Then, you do not remember Miss Boardman's reports, or the Red Cross reports of those who had charge of the work down there?

Dr. INMAN. Well, I remember those reports, just in a general way.

The CHAIRMAN. Do you know Mr. Weller, who was in charge of the Red Cross work in the northern part of the Republic?

Dr. INMAN. No.

The CHAIRMAN. You have never read his report?

Dr. INMAN. No.

The CHAIRMAN. You have read the Red Cross Magazine reports as to the work that they were doing in Mexico?

Dr. INMAN. No; I think I was out of the country at that time.

The CHAIRMAN. You do not know how the Red Cross happened to come out?

Dr. INMAN. Well, I have understood that they came out because they could not work down there.

The CHAIRMAN. Well, do you know who ordered them out, or if they were ordered out?

Dr. INMAN. No; I do not.

The CHAIRMAN. You do not know that Carranza ordered them out and insisted that the Government should bring them out?

Dr. INMAN. No; I did not know about that.

The CHAIRMAN. Doctor, I would recommend that you add another chapter to your book, and in doing so that you investigate Gen. Fortunato Zuazua.

Dr. INMAN. Senator, how many chapters do you think it would take for me to cover all these things?

The CHAIRMAN: I think you should take these matters into consideration if you are informing Christian people of the conditions in Mexico, Doctor. I am frank to say that.

Dr. INMAN. Do you think that everybody who treats the Mexican question takes all sides of it into consideration?

The CHAIRMAN. I do not know, but this committee is going to do it, if it is humanly possible. Of course, we are not infallible, and we may err, but it is the determination of this committee to go into every part of it and give the American people a picture of Mexico.

Dr. INMAN. I hope so.

The CHAIRMAN. You are from that part of the country. This man has just recently written a communication which, to some extent, would corroborate your statement here as to peace and good order existing in Coahuila, Tamaulipas, and elsewhere, and I may say to you that I think an examination of the penitentiary records of Mexico would disclose the fact that he was released from the penitentiary where he had been incarcerated for theft and at once joined the revolution, and that he was a man that joined Villa in an attack upon a Red Cross train and tore the flag from the train and trampled it under his feet.

Dr. INMAN. I am not criticising, Senator.

The CHAIRMAN. The church work down there is the side at which you are looking, and this committee is charged with the investigation of the entire matter. We do not like to be criticised, as we have been, by the League of Free Nations or others as going into it in a prejudiced way.

Dr. INMAN. I have never done anything of that kind. I have never criticised the committee.

The CHAIRMAN. There is nothing personal anyway. I simply want it understood now that we are going to examine everyone that comes before us. Mr. Doheny is here, and he will receive the same character of examination as all other witnesses. He is one of the oil men.

Dr. INMAN. I am very glad, indeed, to have your questions.

The CHAIRMAN. You are reporting to your people as to conditions, and I am frank to say that I do not think you know all of the facts.

Dr. INMAN. Well, I do not think so either. I hope I have not given the impression, Senator, that I believe I know all the facts.

The CHAIRMAN. Now, I was going to call your attention before we get through to a letter, which is my reason for making the statements to you that I have made. This is your letter of July 31, 1919, I think, is it not?

Dr. INMAN. Yes, sir.

The CHAIRMAN. That was yours?

Dr. INMAN. Yes.

The CHAIRMAN. I will file that and have it printed in the record.

(The letter above referred to is here printed in full as follows:)

JULY 31, 1919.

*To representatives of the mission boards present at the Mexico City conference, February, 1919:*

I hope this letter will act as a riot call. It looks as though all our great missionary program in Mexico is to be destroyed. Intervention in Mexico is coming just as fast as certain interests can possibly force it. You have, no doubt, been following the hearings in Congress concerning the Mexican question and have seen how, by the calling of only a certain class of witnesses, all is made to play into the hands of the interventionists. I have just returned from a meeting called by the League of Free Nations Association to discuss what should be done to stop what seems to be the inevitable—armed intervention in Mexico. There were present some newspaper men and others, who have recently been to Mexico and have also been in Washington working against intervention.

The revelations that a newspaper man made concerning the amount of money being spent by the oil interests to manufacture propaganda in favor of intervention are simply appalling. While I have had evidence of this propaganda for some time, I had no conception of its enormity until the facts were laid before me. The man who has gone into the matter most thoroughly says that the oil men have large offices in Washington and New York with unlimited supplies of money to carry on this propaganda; that they are playing not simply for the oil wells in Tampico and Vera Cruz, but for a much larger stake; that they have found out that Mexico is full of oil; that while they admit that Carranza so far has not confiscated their properties and has promised not to do so, what they want is the United States to get a hold of Mexico so that they can easily obtain the billions of dollars of oil properties, which are certain to be developed in the future. You see, then, what very large stakes they are playing for and why they are willing to spend unlimited amounts of money and to stop at nothing in order to bring about their purposes. When the country has been worked up just a little bit more then it will be easy to pull off a few raids by Villa and other bandits in Mexico, as has already been done, and inflame the people of the United States to such an extent that we shall be swept into war before we know it.

"Now the people are most interested in this Mexican question are the missionary bodies. If the oil men are putting their side of the question before the American people, certainly the missionaries ought to put their side forward. I have not heard it better expressed than by a prominent Mexican preacher, who recently spoke to me with a trembling voice about what intervention would mean. His argument was about as follows:

"Intervention in Mexico by the United States would mean the destruction of all American mission work. For many years past the Mexican Protestant ministers have been accused of being bought by Yankee gold. We have, however, swallowed our pride and continued in the employ of American mission boards because we believed that these Viards were representative of the best Christian spirit and were trying to give to Mexico the pure Gospel of Christ, our country's greatest need. When the Mexican revolution began the Protestant churches threw themselves into it almost unanimously because they believed that the program of the revolution represented what these churches had been preaching through the years and that the triumph of the revolution meant the triumph of the Gospel.

"There were some entire congregations who, led by their pastors, volunteered for service in the revolutionary army, the men going to the front, the women backing them up at home.

"Many Protestant preachers are now prominent in the Mexican Government. The people of Mexico have seen that the Protestants were in favor of the revolution and were willing to fight for its program. All of the liberal element have therefore come to have a new respect and a deep interest in the cause of Evangelical Christianity. Never in the history of Mexico has there been such eagerness to hear the Gospel. I preach to a congregation of seven to eight hundred people every Sunday morning. In the afternoon our church is crowded with various different meetings of your people and other auxiliary societies. At night we have another great preaching service. All of our meetings are crowded to the doors. The same may be said about the other churches in Mexico City, Puebla, Guadalajara, Monterrey, and practically all the other cities of Mexico. Now, what will be the result if intervention comes from the United States?

"In the first place, frankly, the Mexican Protestant ministers would be the first ones to place themselves in battle array against the invaders. They will be found at the very front in the defense of their country. There would be two reasons for this. The first is patriotic. These ministers believe that patriotism is one of the first duties of the Christian. They do not believe that their country ought to be invaded by the foreigners. They will fight to the bitter end to defend it. Although conditions have been bad, yet everybody knows that they are improving all the time, and our Christian work is receiving more favor than it has ever received before. We are permitted to travel in all parts of the country to do our work. So, for patriotic reasons, we would be the first to oppose the invaders.

"Secondly, we should be found in the front ranks because of our amor propria. We have suffered for a long time this taunt of other Mexicans that we have been bought with Yankee gold. In order to prove that this was not true, that we are true Mexicans at heart and willing to give our lives for our country, we would take the first opportunity to show our patriotism. Intervention on the part of the American people would set back Christian work in Mexico a hundred years. It is impossible for the people of the United States to realize how deep seated would be the feeling against them. While Americans might say that they were doing this for the good of Mexico, Mexicans would never admit it. They believe that they should have a right to work out their own salvation with spiritual help from their Christian neighbors. Now that American mission boards have planned to give this spiritual help in a larger measure and the opportunities for preaching the Gospel are so great it would be an immeasurable crime for the American people to make war on Mexico."

This Mexican preacher has presented the real big question in discussing intervention in Mexico. Granted the truth of all the oil interests say about Carranza's determination to confiscate their property (though he assured that the greatest part of what the papers now publish is absolutely untrue), yet there is this other side, this tremendously important side for all those who are interested in the Kingdom of God. So I feel that now is the time for missionary leaders to speak. Now, and not a little later—for then it may be too late.



At the conference yesterday it was pretty well established, by testimony of newspaper men themselves, that it is almost impossible to get anything into the daily press that is not against Carranza. One of the biggest syndicates in America told Mr. deBekker, an old newspaper man who has just spent five months in Mexico, that they could not sell to their clientele any kind of an article that "did not give Carranza hell." Facing such a condition it seemed that the best thing to be done by all the friends of Mexico is to bring pressure upon Congress not to intervene. That can be done by individuals and I do hope that each one of you who was present at the Mexican conference in February will write an earnest letter to your Congressman and to other acquaintances you may have in political circles, pointing out what intervention in Mexico would mean for our missionary work.

We have the religious press open to us. Certainly it can be of great service at this time, when the daily press is practically closed against arguments for nonintervention. Will you not see that something gets into one or more of your denominational publications at the very earliest time in favor of a policy of friendly relations with Mexico? If possible, have a talk with the editor of one of your denominational papers and get him committed to a nonintervention policy and agree to push it for the next month or two. Our office will furnish additional material to what you may have.

I earnestly appeal to you in the name of all Christians in Mexico, in the name of our missionary work, to which we have given so much attention and prayer, in the name of fairness to the Mexican people, and in the name of Christian friendship among neighbors to help at this crucial time.

Yours, faithfully,

S. G. INMAN.

Dr. INMAN. I had that among my documents here, Senator.

The CHAIRMAN. Well that is a copy of it, so we will save you the trouble of producing it. Now, I believe you said that you did not know Gen. Zuazua, who is in general command of the army of the north in Mexico?

Dr. INMAN. No, sir.

The CHAIRMAN. I mention these men because they are the men with whom the border people must come into contact every day, and I would like you, for your people, and your own benefit, to know who they are. I will later show who Mr. Dieguez is. At this time I will not refer to the fact because I have not proof here at hand. I may say that it has been charged that he is the man who led the attack upon and killed the two Metcalf boys in 1906.

Dr. INMAN. There is one matter that I wanted to tell you before you had finished. It really is the program that I had outlined. I have a map here which makes that very clear.

The CHAIRMAN. All right, Doctor. Later we will be very glad to have you put it in, but I want to call your attention now to this letter. You can, of course, understand the reasons for some of the statements that I was making, if you have refreshed your memory about this letter. You say in this letter, which is to the representatives of the mission boards present at the Mexico City conference of February, 1919—that is the one that you refer to, is it not?

Dr. INMAN. Yes, sir.

The CHAIRMAN. You say in this letter: "I hope this letter will act as a riot call."

What was your meaning in saying that, Doctor? What did you mean by saying that you hoped that this letter would act as a riot call?

Dr. INMAN. Simply that it would act as a call to those who received it to get busy and work against intervention in Mexico.

The CHAIRMAN. These people who are at the city of Mexico?

Dr. INMAN. Yes, sir; those are the people to whom I referred to as having gone down there.

The CHAIRMAN. Was this letter read there publicly?

Dr. INMAN. Read where?

The CHAIRMAN. At this conference. Were you there?

Dr. INMAN. No; this letter was written——

The CHAIRMAN. Well, I asked if the letter was read there publicly at the conference?

Dr. INMAN. No; the conference was held in February.

The CHAIRMAN. And you addressed it to the members after they came away?

Dr. INMAN. Yes.

The CHAIRMAN. Do you know whether it has reached Mexico or not, this letter?

Dr. INMAN. Yes; it has—I think it has.

The CHAIRMAN. Well, do you know whether it has or not, Doctor?

Dr. INMAN. Yes.

The CHAIRMAN. Do you know whether it has reached Mr. Carranza?

Dr. INMAN. No; I do not know whether it has.

The CHAIRMAN. Has it reached anyone who would likely show it to him?

Dr. INMAN. Not that I know of.

The CHAIRMAN. You say you know it has reached Mexico?

Dr. INMAN. I know it has, because I have seen references to it in the Mexican papers.

The CHAIRMAN. There have been publications with reference to it in the Mexican papers?

Dr. INMAN. In Evangelical papers.

The CHAIRMAN. In Mexico?

Dr. INMAN. Yes.

The CHAIRMAN. Where is that published?

Dr. INMAN. Mexico City.

The CHAIRMAN. Was the letter published in full?

Dr. INMAN. I do not think it was, but extracts of it were published; extracts which were secured here from the press, from the United States press.

The CHAIRMAN. Do you mean to say that the letter itself has only reached Mexico through the American press?

Dr. INMAN. That is what I understand. That letter was addressed to people here in the United States.

The CHAIRMAN. I understand; but you did not send, or you know of no one having sent, a copy of it to Mexico?

Dr. INMAN. No; I do not recall anybody having sent it.

Senator BRANDEGEE. Where were you when you wrote is?

Dr. INMAN. In New York.

Senator BRANDEGEE. Did you send a copy of it to your Evangelical paper?

Dr. INMAN. Yes.

Senator BRANDEGEE. So that they did not simply have extracts from the American newspapers, but your own paper had a copy of the letter that you sent them?

Dr. INMAN. Well, as I remember—no; I do not think I sent a copy to them.

Senator BRANDEGEE. Well, did they have a copy in some way or other?

Dr. INMAN. The part that they have published seems to be simply what they have gotten from the American press.

Senator BRANDEGEE. You do not know whether they had a copy of it or not?

Dr. INMAN. No; I do not.

Senator BRANDEGEE. Well, somebody in Mexico did, you say?

Dr. INMAN. The American press, I think, telegraphed references.

Senator BRANDEGEE. Was it published in full in this country in the press?

Dr. INMAN. No; not that I know of. It was in the religious press, but not in the daily press.

The CHAIRMAN. Does that religious press exchange with your paper in Mexico?

Dr. INMAN. I should think not, unless it might be some who read Spanish.

The CHAIRMAN. Did you, yourself, send any of the newspaper clippings from this country to any part of Mexico or to anyone there; newspaper clippings containing any portions of this letter?

Dr. INMAN. Yes.

The CHAIRMAN. You did send the clippings?

Dr. INMAN. Yes.

The CHAIRMAN. To whom did you send them, Doctor?

Dr. INMAN. I sent them to Mr. Saenz, the editor of the paper.

The CHAIRMAN. The editor of your paper down there?

Dr. INMAN. Yes.

The CHAIRMAN. Then, he republished them from those clippings?

Dr. INMAN. Yes, sir.

The CHAIRMAN. That is how he got them. You are aware of the provision in the constitution of Mexico which reads as follows:

No periodical publication, which either by reason of its program, title, or merely by its general tendencies is of a religious character, shall comment upon any political affairs of the nation, nor publish any information regarding the acts of the authorities of the country or of private individuals in so far as the latter have to do with public affairs.

You are aware of that provision of the Mexican constitution?

Dr. INMAN. Yes; but I do not think it has ever been carried out by any means.

The CHAIRMAN. Then, you did not care anything about it?

Dr. INMAN. I did not think anything about it, but did not send this for publication at all; I sent it just simply in a private letter.

The CHAIRMAN. You say that "It looks as though all our great missionary program in Mexico is to be destroyed. Intervention in Mexico is coming just as fast as certain interests in Mexico force it." That last sentence was your reason for the first sentence; that is you said that "It looks as though all our great missionary program in Mexico is to be destroyed." Did you make that statement because of the next sentence, that "Intervention is coming just as fast as certain interests can force it?" Is that your reason?

Dr. INMAN. Yes.

The CHAIRMAN. You say:

You have no doubt been following the hearings in Congress concerning the Mexican question, and have seen how by the calling of only a certain class of witnesses all is made to play into the hands of the interventionists.

Now, what did you mean by that, Doctor? Just explain what you meant by that.

Dr. INMAN. Well, I meant, for example, testimony like that of Mr. Gates.

The CHAIRMAN. Well, was he the only witness called?

Dr. INMAN. There was a Mr. Mitchell, of Mexico, who is notably against the Government.

The CHAIRMAN. Who else?

Dr. INMAN. Those are the two I had in mind particularly.

The CHAIRMAN. Well, Mr. Fletcher, our ambassador to Mexico, was also on the stand, was he not?

Dr. INMAN. Yes.

The CHAIRMAN. You did not have reference to his testimony, did you?

Dr. INMAN. No.

The CHAIRMAN. But you say, "As to the character of the testimony that is called by the committee," and you have mentioned only three, one of whom is our official ambassador. You state here that "by the calling of a certain class of witnesses all is made to play into the hands of the interventionists." Were those the only three witnesses whose testimony you knew anything about?

Dr. INMAN. The only ones that I recall at the present time. Do you recall any that testified in favor of the present Government?

The CHAIRMAN. Well, my recollection is that the ambassador of Mexico, Mr. Fletcher, was congratulated by the Mexican Congress upon his testimony. Is not that your recollection?

Dr. INMAN. I think so.

The CHAIRMAN. And I have further information leading me to believe that he was denounced by other Mexicans for his testimony. Did you hear of that?

Dr. INMAN. No, sir.

The CHAIRMAN. Well, then, simply because of Mr. Gates and Mr. Mitchell having been witnesses before the House Rules Committee you sound the riot call to the church people of the United States. You made up your mind then and there that the Congress of the United States was determined on intervention, did you?

Dr. INMAN. Why, Mr. Senator, I do not think that is fair at all.

The CHAIRMAN. I asked you what you meant by this communication.

Dr. INMAN. If that were the only thing, of course, it would have been a small matter.

The CHAIRMAN. I want you to go on, but I am asking you now particularly about your statements here. That is your statement—

You have no doubt been following the hearings in Congress concerning the Mexican situation, and have seen how by the calling of only a certain class of witnesses all is made to play into the hands of the interventionists.

I will get to the balance of it in a few moments. Now, do you think that you were justified, from the testimony that was taken before the House committee, in the suggestion that they had gone in to play the game with the interventionists?

Dr. INMAN. Well, there were others that suggested that they might testify but they were not called.

The CHAIRMAN. Do you know that?

Dr. INMAN. Yes.

The CHAIRMAN. You suggested that you might testify?

Dr. INMAN. No; I did not.

The CHAIRMAN. Do you know anyone who has even suggested that they might testify before this committee who has not been called?

Dr. INMAN. I know of some already that you have called. I recall, for example, that Mr. Lill, of New York, said that he had offered to testify but he was not called.

The CHAIRMAN (addressing the clerk of the committee). See that Mr. Lill is notified, and if he does not come, issue a subpoena for him.

Senator BRANDEGEE. Give his full name, please.

Dr. INMAN. I will look it up and give it to you.

The CHAIRMAN. Again, to go on further, Doctor, you say:

I have just returned from a meeting called by the League of Free Nations to discuss what should be done to stop what seems to be the inevitable—armed intervention in Mexico.

Where was that meeting of the League of Free Nations?

Dr. INMAN. In the Bush Terminal Building.

The CHAIRMAN. Who were present, Doctor?

Dr. INMAN. Mr. McDonald, the chairman; and Mr. Chamberlain, of New York; and a professor from Columbia University whose name I do not recall just at the minute. If you have a list there of the members of the committee, which I have not, I can tell you who were present.

Senator BRANDEGEE. How many people altogether were there?

Dr. INMAN. I should say about 12.

The CHAIRMAN. Were they members of the national council and executive committee?

Dr. INMAN. No, sir; they were members of a special committee appointed by this League of Free Nations Association to consider Mexican matters.

The CHAIRMAN. The League of Free Nations has a committee to consider Mexican matters?

Dr. INMAN. Yes, sir.

The CHAIRMAN. Who are the members of that committee? Mr. McDonald is chairman of the executive committee?

Dr. INMAN. Yes, sir.

The CHAIRMAN. Who else, please? I will read the names of the committee if you wish.

Dr. INMAN. The names might not appear there, because this is a special committee. It does not mean that they are all members of the Free Nations Association. Mr. Kellogg, for example, the editor of the Survey—

The CHAIRMAN. He is not a member?

Dr. INMAN. Yes; he is a member of both organizations. Dr. Winton—

The CHAIRMAN. He is present?

Dr. INMAN. Yes, sir.

The CHAIRMAN. He was present at that meeting?

Dr. INMAN. I do not recall whether he was present at that meeting or not.

The CHAIRMAN. He is here now. Were you present, Dr. Winton?

Dr. WINTON. I was present; yes, sir.

The CHAIRMAN. Who else was present?

Dr. INMAN. Prof. Hays, of Columbia University. Dr. Slaughter—

The CHAIRMAN. He is a member of the special committee and also a member of the League of Free Nations?

Dr. INMAN. He is a member of the special committee. I do not know whether he is a member of the other or not. Mr. De Bekker—

The CHAIRMAN. Who is Mr. De Bekker?

Dr. INMAN. A newspaper correspondent.

The CHAIRMAN. He is the newspaper correspondent to whom you referred a little while ago, is he not?

Dr. INMAN. De Bekker.

The CHAIRMAN. He is not a member of the League of Free Nations, is he?

Dr. INMAN. No, sir.

The CHAIRMAN. What is his business?

Dr. INMAN. I understand that he went to Mexico for the New York Tribune to report on conditions in Mexico.

The CHAIRMAN. Is he still with the Tribune?

Dr. INMAN. No, sir; he quit the Tribune.

The CHAIRMAN. Do you know why?

Dr. INMAN. He told me it was because after he had reported against intervention the Tribune came out in favor of intervention, and therefore he quit.

The CHAIRMAN. They dispensed with his services, or he quit?

Dr. INMAN. He quit.

The CHAIRMAN. They did not dispense with his services, but he quit?

Dr. INMAN. Yes, sir.

The CHAIRMAN. Those that you have mentioned are the only members of the committee that you now recall who were present?

Dr. INMAN. The only ones that I remember just now. If I had a list of the committee I could check them up.

The CHAIRMAN. There it is [handing the witness a paper].

Dr. INMAN. I meant of the special Mexican committee.

The CHAIRMAN. That is what I am anxious to find out, who are the members of the special Mexican committee.

Dr. INMAN. I will be glad to give you the names of the committee.

The CHAIRMAN. I would like to have them. The others are here before us.

Dr. INMAN. Kellogg, McDonald, Kennedy, who is also a newspaper correspondent, or, rather, in the publicity business—I do not suppose you would call him a newspaper correspondent; Mr. Slaughter—

Dr. WINTON. He was not there.

The CHAIRMAN. He was not there, you say?

Dr. INMAN. He was not there at that meeting.

The CHAIRMAN. Was Mr. Trowbridge there?

Dr. INMAN. Not at this meeting; no. He was at a later meeting.

The CHAIRMAN. You have mentioned all those you can think of who were there?

Dr. INMAN. Yes, sir.

The CHAIRMAN. You say there were present some newspaper men and others who have recently been in Mexico and have also been in Washington working against intervention. Those were Mr. Kennedy and Mr. De Bekker?

Dr. INMAN. Mr. De Bekker has been to Mexico, but Mr. Kennedy has not.

The CHAIRMAN. But you say, "recently been to Mexico and have also been in Washington working against intervention?"

Dr. INMAN. Mr. De Bekker is the one I had in mind particularly who had been in both places.

The CHAIRMAN. Mr. De Bekker is the author of one of the articles that are being sent out by the League of Free Nations under release and for publication. I hold in my hand advance proof from the Nation, release August 30, 1919, "Mexico's Future," by L. J. De Bekker. He is the De Bekker of whom you spoke.

Dr. INMAN. Yes, sir.

The CHAIRMAN. You know that the League of Free Nations has been sending out articles of this kind, do you not?

Dr. INMAN. Yes, sir.

The CHAIRMAN. What do you call that, Doctor? Is that a propaganda or not?

Dr. INMAN. I should think so.

The CHAIRMAN. And perfectly legitimate propaganda?

Dr. INMAN. I think so.

The CHAIRMAN. I agree with you.

I have another here from the League of Free Nations' Association, New York, "Release on receipt," entitled "Murder and Revenge," by L. J. De Bekker. He is the same De Bekker, I suppose, is he not?

Dr. INMAN. Yes, sir.

The CHAIRMAN. Doctor, was Mr. Fornaro present?

Dr. INMAN. No, sir.

The CHAIRMAN. You know him?

Dr. INMAN. No, sir.

The CHAIRMAN. He has not been working with you at all?

Dr. INMAN. Not that I know of.

The CHAIRMAN. You do not know him?

Dr. INMAN. I do not know him.

The CHAIRMAN. I have another here, "Free Service, the League of Free Nations Association, New York, by L. J. De Bekker." Mr. De Bekker has been doing a great deal of this propaganda work for the association with reference to Mexico?

Dr. INMAN. Yes, sir.

The CHAIRMAN. Is he assigned to this Mexican committee for which you speak for work?

Dr. INMAN. Yes.

The CHAIRMAN. And consults with them, does he?

Dr. INMAN. Yes, sir.

The CHAIRMAN. I have here advance proof from The World Tomorrow for September, League of Free Nations Association, New York. Do you see all this propaganda matter that goes out, Doctor?

Dr. INMAN. I have about all those things you refer to here in this envelope [indicating].

The CHAIRMAN. Possibly you have this advance proof—

Dr. INMAN. To turn in to you, I mean.

The CHAIRMAN. You have this advance proof from The World Tomorrow, entitled "The Truth About Mexico"?

Dr. INMAN. I think that is in here; yes, sir.

The CHAIRMAN. It does not seem to be fathered by Mr. De Bekker. It starts off:

Not content with the prejudiced House inquiry into Mexican affairs, the Senate has appointed a subcommittee of the Foreign Affairs Committee, headed by that notorious enemy of Carranza, Senator Fall, of New Mexico."

Then you go on and refer to the fact that—

The President has put an embargo on the supply of arms to the Carranza Government, the effect of which will be to cripple it in dealing with the bandits, who, aided by their friends this side of the border, have been successfully smuggling arms into the country.

Did you oppose the placing of the embargo upon the shipment of arms into Mexico?

Dr. INMAN. I never opposed it; no, sir; I never took any action in the matter.

The CHAIRMAN. I mean are you opposed to it?

Dr. INMAN. Yes, sir.

The CHAIRMAN. I should judge so from this propaganda which is going out.

Dr. INMAN. It seems to me that we are just cutting off the power of Carranza to stop banditry. If he has no arms with which to pursue the bandits, it will be impossible, it does not make any difference how good his intentions are, for him to do anything, practically.

The CHAIRMAN. I notice it is stated further in this article which is sent out by your committee:

Newspaper propaganda continues to inflame sentiment. The press publishes everything hostile to the Mexican Government and refuses most of what is favorable to it.

What foundation have you for the statement that the press refuses what is favorable to the Mexican Government, Doctor?

Dr. INMAN. Bear in mind, Senator, that that is not my article.

The CHAIRMAN. It is sent out by your committee?

Dr. INMAN. I have understood from several authors that they have offered articles in favor of Carranza and they have been told that nothing that is favorable to Carranza is acceptable.

The CHAIRMAN. You say in this letter that the revelations that a newspaper man made concerning the amount of money being spent by the oil interests to manufacture propaganda in favor of intervention was "simply appalling."

Would you object to stating to the committee what those revelations were?

Mr. INMAN. Those revelations are made in print, Mr. Chairman, and I have those articles here. They are made in the Nation and in various other papers.

The CHAIRMAN. You can refresh your memory, of course, and then let us have the information without putting the entire article in the record.

Senator BRANDEGEE. Who fathers that statement? Who was the author of the article?



Dr. INMAN. In the Nation, Mr. De Bekker is the author. Reference has just been made to that article that you just read, Mr. Chairman—

The CHAIRMAN. This is the World To-morrow.

Senator BRANDEGEE. I mean, who is the author of the statement that the amount of money being spent by the oil interests to create intervention in Mexico is simply appalling? Who knows about that and who states it?

Dr. INMAN. Mr. DeBekker has stated that.

Senator BRANDEGEE. Of his own knowledge, do you know?

Dr. INMAN. Supposedly so; because he has made these statements in public.

The CHAIRMAN. You mean that the statements made there at this meeting were in your hearing, I presume?

Dr. INMAN. Yes.

The CHAIRMAN (reading):

Revelations that a newspaper man made concerning the amount of money being spent by the oil interests to manufacture propaganda in favor of interventions are simply appalling.

You have testified that De Bekker was there, and I presume that he made that statement there?

Dr. INMAN. He made those statements.

The CHAIRMAN. Did he make the statement that you are going to read here now?

Dr. INMAN. No. I was simply going to read a letter, a private letter that I have written in answer to the only letter that I have received from certain oil interests concerning this matter. It clears up the whole thing as to my attitude, if you care to have that.

The CHAIRMAN. That is all right, Doctor, a little later, but I am asking you now about what revelations there were made at this meeting of the committee that you pronounce in this letter which you sent out to your mission as simply appalling.

Dr. INMAN. The fact that offices were maintained both in Washington and New York and several people employed—a large number of people, the way he states it—to circularize the whole country and to fill the press of the United States with a certain class of articles concerning Mexico.

The CHAIRMAN. Did he say anything about the amount which was being spent?

Dr. INMAN. No; but he said they had costly offices.

The CHAIRMAN. How did you come to the conclusion that these revelations of the money being spent by the oil interests to manufacture propaganda in favor of intervention were simply appalling? On what did you found that—on just the fact that he said they had offices here and were circularizing the country?

Dr. INMAN. He said large offices and mentioned several people who were employed there, the number of agents they had out over the country, and things of that kind.

The CHAIRMAN. How many offices did he mention they had?

Dr. INMAN. He mentioned particularly the ones in New York and Washington.

The CHAIRMAN. What office is that in New York?

Dr. INMAN. I do not know what office he referred to, but offices maintained by certain oil interests.

The CHAIRMAN. What offices did he refer to in Washington?

Dr. INMAN. The same organization.

The CHAIRMAN. What organization was it?

Dr. INMAN. I suppose he was referring to the Association for the Protection of American Rights in Mexico.

The CHAIRMAN. In Mexico?

Dr. INMAN. In Mexico.

The CHAIRMAN. You know something about the membership of that organization?

Dr. INMAN. I have a pamphlet here which shows something of the membership; yes.

The CHAIRMAN. They have members all over the United States, have they not?

Dr. INMAN. Yes, sir.

The CHAIRMAN. As well as in New York and Washington?

Dr. INMAN. Yes, sir.

The CHAIRMAN. And they maintain offices in New York and Washington?

Dr. INMAN. I understand they maintain them in other places, too.

The CHAIRMAN. Where?

Dr. INMAN. In San Francisco and in El Paso.

The CHAIRMAN. In connection with or separate from the Mexican Petroleum Co. or the Doheny interests?

Dr. INMAN. I think they are separate.

The CHAIRMAN. Who supports them?

Dr. INMAN. From the bulletin that I have here they are supported by the Society for the Protection of American Rights in Mexico.

The CHAIRMAN. About how many of them are there there? Whose names are on this bulletin?

Dr. INMAN. This bulletin that I have here refers particularly to the two offices and the organizing agents that are now doing work in Texas and in other Western States, organizing the whole country, so the bulletin says.

The CHAIRMAN. That is the organization, and it is their work, the revelations concerning which, made by Mr. De Bekker at this meeting, you regarded as appalling?

Dr. INMAN. When I wrote that letter I did not know about the workings of this Association for the Protection of American Rights in Mexico. I did not know what, for instance—I had never seen one of their periodicals, and I did not know what interests were supporting it, or anything of the kind. I simply understood it was certain oil interests doing it, and that is the reason that in my letter I made no reference to any particular organizations or any particular companies, because I did not know they were?

Senator BRANDEGEE. What oil interests were doing it?

Dr. INMAN. As I say, I do not know which oil interests.

Senator BRANDEGEE. You said in this letter that you had evidence——

Dr. INMAN. Certain oil interests.

Senator BRANDEGEE (continuing). That you have evidence of certain oil interests. What were the certain oil interests—which ones?

Dr. INMAN. I do not know.

Senator BRANDEGEE. What is your evidence?

Dr. INMAN. What I stated there is what I heard at the committee meeting.

The CHAIRMAN. You say you had evidence of this.

Dr. INMAN. Yes, sir.

Senator BRANDEGEE. What is that evidence?

Dr. INMAN. I had had evidence of it. Anybody can get that from reading the papers.

Senator BRANDEGEE. Is that what you mean—you had seen it in the newspapers?

Dr. INMAN. No; I do not mean that.

Senator BRANDEGEE. What did you mean when you said you had the evidence of it?

Dr. INMAN. I had evidence of it; yes, sir.

Senator BRANDEGEE. What sort of evidence?

Dr. INMAN. For example, the Federation of Churches of Chicago sent a letter saying that a committee in Washington called the "Republican Publicity Committee" had given out a statement, and that following that a large number of western papers had appeared for intervention, and that during four days eight different papers came out with editorials in practically the same language advocating intervention, and saying you must "spank the unruly baby," etc.

Senator BRANDEGEE. How does that prove that the oil interests are doing it?

Dr. INMAN. I do not say that it proves it.

Senator BRANDEGEE. That is the charge in the letter, that the oil interests are spending this money.

Dr. INMAN. I say that is the charge that had been made at that meeting.

Senator BRANDEGEE. Do you know upon what evidence the charge was made?

Dr. INMAN. The evidence is given in the articles that Mr. De Bekker has been writing.

Senator BRANDEGEE. That is all you know about it?

Dr. INMAN. I can not say that that is all I know about it.

Senator BRANDEGEE. Have you any evidence that the oil men are contributing money to get the United States to intervene by force of arms in Mexico?

Dr. INMAN. I understand that from what certain of the interests have told me recently they are not in favor of intervention. They say they are not in favor of intervention.

Senator BRANDEGEE. That is not the question, Doctor. I asked you if you had had any evidence that they contributed money to create a feeling for intervention?

Dr. INMAN. I have evidence of this, that after that letter was written I have seen their statements, and they appeared to me to be very misrepresentative of the situation in Mexico, and the fact that they are organizing all over this country, that they have out secretaries in sections and in other places organizing chambers of commerce and urging individual citizens to come in as members of this organization—

Senator BRANDEGEE. What organization?

Dr. INMAN. The Association for the Protection of American rights in Mexico.

Senator BRANDEGEE. Is that all composed of oil men?

Dr. INMAN. No; but have I not made clear that what I said in that letter and what I am saying now are different things?

Senator BRANDEGEE. Yes; and that is what I am wondering at—why it is so.

Dr. INMAN. I mean to say that I have come in possession of one of those bulletins since then which tells me what the Association for the Protection of American Rights in Mexico is doing.

Senator BRANDEGEE. Do you believe that any oil interest is now contributing money to induce Congress to authorize forcible intervention in Mexico?

Dr. INMAN. No, sir; I do not. My only idea there is that the things that they gave out tend toward making the American people feel that they ought to intervene in Mexico. I never had any idea of declaring that the oil interests are trying to buy Congress or buy anybody else.

Senator BRANDEGEE. You did not intimate that; you said they were putting up money to force intervention.

The CHAIRMAN. Doctor, if the oil interests are putting up money or securing publication for their views in reference to Mexico, they are doing exactly what you and your committee are doing with reference to your views, are they not?

Dr. INMAN. Yes.

The CHAIRMAN. And you are perfectly sincere in sending out the literature that you are sending out, are you not?

Dr. INMAN. Yes, sir.

The CHAIRMAN. And you think that they must have some ulterior motives in sending out the literature which they are sending out?

Dr. INMAN. I do not believe in their literature—

The CHAIRMAN. They do not believe in yours, very likely.

Dr. INMAN. I do not suppose they do, but certainly—

The CHAIRMAN. Let us go a little further. You say, "While I have had evidence of this propaganda, at the same time I had no conception of its enormity until the facts were laid before me."

What do you mean by "enormity," Doctor? What does "enormity" mean?

Dr. INMAN. I have just explained a while ago about the enormous organization—

The CHAIRMAN. Oh. You mean it in the sense of enormous?

Dr. INMAN. Yes, sir.

The CHAIRMAN. Is that your idea of what "enormity" means?

Senator BRANDEGEE. The same as "appalling."

The CHAIRMAN. I thought it meant something different from that. Let us look up the meaning of "enormity" in the dictionary. That word struck me as very, very significant.

You say:

The man who has gone into the matter most thoroughly says that the oil men have large offices in Washington and New York, with unlimited supplies of money to carry on this propaganda.

Did you get that information from De Bekker?

Dr. INMAN. Yes, sir.

The CHAIRMAN (reading):

That they are playing not simply for the oil wells in Tampico and Vera Cruz, but for a much larger stake; that they have found out that Mexico is full of oil; that while they admit that Carranza so far has not confiscated

their properties and has promised not to do so, what they want is the United States to get a hold of Mexico so that they can easily obtain these billions of dollars of oil property, which are certain to be developed in the future.

Did all that information come to you from Mr. De Bekker?

Dr. INMAN. Well, there was a discussion around the table. Dr. Slaughter had been there.

The CHAIRMAN. Did Dr. Slaughter come to this conclusion?

Dr. INMAN. I do not remember.

The CHAIRMAN. Doctor, just look at the word "enormity" here in this definition and let us see if you mean what it says.

Dr. INMAN. Mr. Chairman, it would not do any good to bring in dictionaries. I want to read this letter here, which will explain my whole attitude.

The CHAIRMAN. Very well; we will allow you to read that letter, but I am asking you about this letter now.

Dr. INMAN. I did not go down and write that letter. I dictated that letter right off, and it went off to individuals. If it had been a carefully prepared statement, going out to the press, I certainly should have been careful about what I was saying. That was a letter which was written to private individuals, with absolutely no thought in mind that it was to be published.

Senator BRANDEGEE. Do you not think that when you are stirring up actions by an organization on an international question you ought to be careful even in writing letters to private individuals, reading the riot act and sounding the bugle call of alarm?

Dr. INMAN. I think that one can certainly trust his friends and not be so particularly careful about just exactly the wording.

Senator BRANDEGEE. But this was designed, was it not—this talking about the appalling use of money, and the enormity of the propaganda going on by these oil interests—and intended to arouse them to an effort with reference to an international matter?

Dr. INMAN. Yes, sir.

Senator BRANDEGEE. Do you not think that in that sort of thing you ought to exercise some care before you blame people for mis-statements?

Dr. INMAN. That is the way it was done.

Senator BRANDEGEE. I thank you for being frank about it.

Dr. INMAN. I simply dictated the letter, and sent it right off; that is all.

The CHAIRMAN. Did you not send it to the New York Times?

Dr. INMAN. No, sir.

The CHAIRMAN. It was not sent to the Times with your knowledge?

Dr. INMAN. No, sir.

The CHAIRMAN. It was not sent to any paper at all, with your knowledge, for publication?

Dr. INMAN. No, sir.

The CHAIRMAN. By yourself or anyone else?

Dr. INMAN. No, sir.

The CHAIRMAN. It did get into the paper, did it not?

Dr. INMAN. Yes, sir.

The CHAIRMAN. Do you know how?

Dr. INMAN. The secretary of the Presbyterian board gave it to the New Era movement of their organization, with the statement that we ought to do something to counteract intervention. This pub-

licity man thought he saw a good story in it, so he just put it out. It evidently was a good story, because it caused tremendous excitement all the way round.

Senator BRANDEGEE. You could do that if you hollered "fire!" in a theater.

Dr. INMAN. I have said nothing in there that had not been said in public many times before. I do not see why that particular letter should cause any particular excitement.

Senator BRANDEGEE. These are supposed to be responsible organizations. You are the secretary for a large organization which is supposed to father the authority of this other society of the League of Free Nations. There is nothing back of it all but the statement of Mr. De Bekker. Nobody has taken the pains to investigate the truth of it, apparently. You say you know nothing about it, yourself.

Dr. INMAN. Those statements had been publicly made. They had never been challenged.

Senator BRANDEGEE. Now they are made privately on your authority as the secretary of this religious body.

The CHAIRMAN. Just to clear up the record a moment. I was struck with this word "enormity" as being distinguished from the ordinary conception of the word "enormous." I find in this dictionary, which is Webster's New International, that the meaning is given as being "the state or quality of exceeding a measure or rule, or of being immoderate, monstrous, or outrageous."

That which is enormous; especially, an extreme offense against order, right, or decency; an atrocious crime; flagitious villainy; an atrocity.

You did not mean enormity—you meant enormous?

Dr. INMAN. Yes, sir.

The CHAIRMAN. You should have used the word "enormous" instead of the word "enormity."

You say that Dr. Slaughter was present; he had been in Mexico, but you do not recall that he expressed himself as convinced that those people were trying to get hold of all the property in Mexico by persuading this Government to take over Mexico. Who was convinced of that? Who expressed this view at that meeting?

Dr. INMAN. I think Dr. Slaughter expressed the same idea.

The CHAIRMAN. Is that your idea?

Dr. INMAN. Is it my idea—personally?

The CHAIRMAN. Yes.

Dr. INMAN. Not except simply as I reported it there as what these gentlemen who had gone into the thing had said. I had no basis for an opinion.

The CHAIRMAN. This letter, then, was not in any degree setting out your opinions, but just what you gathered there at this meeting?

Dr. INMAN. I came from that meeting with all of those things that had been brought out, feeling that there was a big effort being made to misrepresent things in Mexico which would bring about intervention.

The CHAIRMAN. For the purpose of enabling them to get hold of all the oil properties in Mexico?

Dr. INMAN. Yes; that is one of the things.

The CHAIRMAN. Do you believe that now?

Dr. INMAN. I am not sure about that. I do not think I have enough evidence to make up an opinion on it, in fact.

The CHAIRMAN. You did have enough to make a direct statement then, because you say "You see, then, what very large stakes they are playing for, and why they are willing to spend unlimited amounts of money and to stop at nothing in order to bring about their purposes."

That went out to your missions, and copies of it have been sent to Mexico, even, and it has gone all over the United States, has it not, and been considered in church meetings, missionary meetings, etc.—similar statements to this?

Dr. INMAN. Of course, it was published in the press.

The CHAIRMAN. Over your name, as authority. [Reading:]

When the country has been worked up just a little bit more, then it will be easy to pull off a few raids by Villa and other bandits in Mexico, as has already been done, and inflame the people of the United States to such an extent that we shall be swept into war before we know it.

Doctor, I want to ask you what you know about the pulling off of raids by Villa?

Dr. INMAN. That is so stated in Mr. De Bekker's articles in *The Nation*.

The CHAIRMAN. Doctor, you have been in Mexico since 1905. You had a mission there among those people, near the border. You have crossed backward and forward. You are now at the head of, or engaged in, a great religious or educational work in Mexico. Do you make this statement simply upon the information conveyed to you or statements made to you by Mr. De Bekker?

Dr. INMAN. For instance, I have a letter here from Prof. Osuna—or rather the information comes from Prof. Osuna—about munitions offered to him while he was governor of the State of Tamaulipas. It is common talk about how the expedition of Blanquet, who went right out from New York, was certainly financed by somebody there. There are certainly people in this country who are helping to sustain this movement against Carranza in Mexico.

The CHAIRMAN. Where did Blanquet land? He did not go to the border, did he?

Dr. INMAN. No, sir.

The CHAIRMAN. Did he have passports from the State Department?

Dr. INMAN. I do not know.

The CHAIRMAN. You do not know whether he had passports or not?

Dr. INMAN. I do not know whether he did or not.

The CHAIRMAN. You do not know where he went from?

Dr. INMAN. I understand he went from New York. It was all played up in the papers.

The CHAIRMAN. You do not know whether he went from Cuba or not?

Dr. INMAN. He might have gone from Cuba after he left New York.

The CHAIRMAN. All right, Doctor; does that throw light upon this statement I was asking you about with regard to the Villa raids and similar raids, whether it came from New York or Cuba or wherever

it did come from? Does that throw any light upon this statement here?

Dr. INMAN. I do not know as it does.

The CHAIRMAN. You say that Osuna told you while he was governor that he had ammunition offered him by Americans on this side?

Dr. INMAN. It was offered by people in Tamaulipas.

The CHAIRMAN. Oh, it was offered by people in Tamaulipas. That is in Mexico?

Dr. INMAN. Yes. He had the ammunition on the other side and was willing to sell it.

The CHAIRMAN. Where was it on the other side?

Dr. INMAN. In Texas.

The CHAIRMAN. In Texas?

Dr. INMAN. Yes, sir.

The CHAIRMAN. Were they Americans or Mexicans?

Dr. INMAN. I don't remember whether they were Americans or Mexicans.

The CHAIRMAN. Somebody in Tamaulipas, either Mexican or American, offered Mr. Osuna, so he told you, while he was governor, certain ammunition which they claimed to have in the State of Texas? Is that the statement of the case?

Dr. INMAN. I would like, if I could find the statement which was sent to me by the secretary of the mission boards, to read that to you, but I don't think I could put my hands on it right now. I will find it for you, however.

The CHAIRMAN. You have all the time you want, Doctor.

Dr. INMAN. It seems to point out this fact, which is being pointed out in so many different ways: That there is help on this side of the border for those who are opposed to Carranza on the other side.

The CHAIRMAN. That, yet, Doctor, does not touch the question. You state here, "When the country has been worked up just a little bit more it will be easy to pull off a few raids by Villa or other bandits in Mexico, as has already been done, and inflame the people of the United States to such an extent that we shall be swept into war before we know it." That is the statement I am asking you about. What do you know about any raid by Villa or anyone else which might inflame or has inflamed the minds of the people of the United States?

Dr. INMAN. I know that a good many people have claimed that the Villa raid was financed by people in the United States.

The CHAIRMAN. Well, who was it, Doctor? Just give us the name of some man who made that claim. Was it Mr. de Bekker?

Dr. INMAN. Well, you certainly have seen it in the press.

The CHAIRMAN. Well, now, here is the statement you have made, and you are a minister and you are going to your churches with this propaganda and making these statements, and I think you certainly should have some foundation for the statements.

Dr. INMAN. Well, I can't recall just at the present time how all these things have come into my mind. I can't give you absolute authority for all those things.

The CHAIRMAN. I will ask you for your personal belief. In your opinion, do you believe that any American financed the Villa raid



on Columbus, N. Mex.? I suppose that is the Villa raid you were referring to?

Dr. INMAN. I think Villa had been helped by Americans; yes, sir.

The CHAIRMAN. Do you believe that any Americans financed or sought to finance or sought to secure the raid by Villa across to this side?

Dr. INMAN. Maybe not that particular raid.

The CHAIRMAN. Well, any other raid.

Dr. INMAN. I think he has been helped by Americans on this side of the border.

The CHAIRMAN. What reason have you to believe that?

Dr. INMAN. Well, what reason, I can't see how Villa can continue and how he can always come back again, unless he is getting his ammunition from some place or other and is being financed.

The CHAIRMAN. Then that is just your judgment because Villa does continue in operation against Carranza, and you can not conceive how he can do it otherwise, unless he is being helped by people in the United States, and that leads you to send out statements of this kind? Is that it?

Dr. INMAN. And because also there are so many misstatements made by some of the financial interests in this country about conditions in Mexico that I think they certainly must be wishing to bring about those conditions.

The CHAIRMAN. Well, now, what misstatements made by what interests? Just give us one misstatement that has been made with reference to the conditions in Mexico.

Dr. INMAN. Well, let me read you one or two of those statements.

The CHAIRMAN (handing witness a paper). Is that what you have reference to?

Dr. INMAN. No. Here is a statement from one of the San Francisco papers:

TIME TO ACT IN MEXICO, ASSERTS UNITED STATES ARMY MAN—CARRANZA MERE FIGUREHEAD AND MURDER AND PILLAGE GO ON UNHINDERED—THREE HUNDRED AMERICANS KILLED—MAJ. MACDONNELL HERE TO AROUSE SUPPORT OF ANY STEPS GOVERNMENT MAY TAKE.

Seeking the support of local leaders, Maj. John G. MacDonnell, United States Army, one of Lieut. Gen. Hunter Liggett's staff in France, arrived in San Francisco yesterday to promote plans to solve the Mexican problem. Maj. MacDonnell is field secretary for the National Association for the Protection of American Rights in Mexico. Membership in the association is held by more than 600 banks, industrial and commercial institutions in the United States. San Francisco will be asked to fall in line, Maj. MacDonnell says, in upholding Congress and the administration in whatever policy is mandatory for the correction of present intolerable conditions.

"The placid indifference with which killing of more than 300 American citizens in Mexico within the last few years is regarded," says Maj. MacDonnell, "to say nothing of the attempted confiscation of American property worth more than a billion dollars, would appear to indicate the need for somebody to assume the leadership in arousing the torpid public conscience.

HERE TO AROUSE PUBLIC.

"Some have felt and said that the Government has been remiss in protecting its citizens, but a democratic government can not go beyond the wishes of the people who create it. When the people demand it full justice will be done in the present intolerable situation in Mexico.

"Our association, for which I am seeking the support of San Francisco, was formed to arouse, organize, and lead public sentiment which would support Congress and the administration in taking, without further delay, whatever steps may be necessary to secure protection for the lives and property of American citizens wherever they may be and to compel that respect for the American flag which has been so conspicuously lacking in Mexico for the greater part of 80 years.

"AMERICANS IN CHINA PROTECTED.

"We did not hesitate to take energetic steps for the protection of American citizens in China in the Boxer rebellion of 1900. We recognized the right and duty of a government to protect its citizens temporarily residing in foreign lands, when Italy demanded and received, without demur on our part, reparation for the lynching of some of its citizens in New Orleans. Indeed, the duty of a government to protect its citizens wherever they may be seems to be fully understood everywhere but in America to-day. That is the purpose for which governments are created.

"The Mexican situation concerns not alone those who have invested large sums in Mexico, nor the survivors of thousands of colonists who have lost everything they possessed and whose families have been murdered. It is a matter which vitally interests every man, woman, and child in America.

"HAVEN FOR I. W. W.

"Mexico is the haven or refuge to which the I. W. W. were sent to be tortured by German propagandists. The product of this joint labor of anarchy and kultur was Bolshevism, which was first put into effect in Mexico in all its details, even to public ownership of women and corruption of children. The truth is that there is no organized government in Mexico. Carranza is merely the nominal head of a movement and does not even control his own so-called government. The control rests in the hands of military chieftains who acknowledge no allegiance to Carranza, except that which is gained through being provided with money. Only one-half of 1 per cent of the people of Mexico are responsible for the crimes that are committed there.

"COUNTRY IN CHAOS.

"Chaos is the only word which describes the situation when we attempt to view it as a whole. Under such conditions is it not imperative that America should be aroused to the menace of the southern border? Those who originated the National Association for the Protection of American Rights in Mexico thought so. And no violent protests against its aims and activities have emanated from Washington.

"Among the institutions of America sponsoring the association are the National City Bank, Bankers' Trust Co., Chase National Bank, Guaranty Trust Co., and J. P. Morgan & Co., New York; the Associated Supply Co., San Francisco; A. M. Lockett & Co., New Orleans; Beaumont Iron Works, Texas; Security Trust & Savings Bank, First National Bank, Merchants' National Bank, Farmers and Mechanics' National Bank, Los Angeles; and other prominent institutions throughout the United States."

Senator BRANDEGEE. Is that any worse than what Gen. Alvarado said, which you said he thought he could substantiate?

Dr. INMAN. Yes; I think so.

Senator BRANDEGEE. In what respect?

Dr. INMAN. This nationalization of women, for example, and the fact that Bolshevism originated in Mexico, and German propaganda is circulated there.

Senator BRANDEGEE. Did not Alvarado say the whole system was corrupt and rotten in the article that Senator Fall read a while ago?

Dr. INMAN. He certainly does not make any statement of that kind.

Senator BRANDEGEE. He did not use the expression, "the public nationalization of women"?

Dr. INMAN. No, sir.

Senator BRANDEGEE. But you admitted here, as I understood you, that you thought Alvarado could substantiate the statements that he made.

Dr. INMAN. Well, in individual cases, but not generally.

Senator BRANDEGEE. Do you think what he meant was that now and then there were some corrupt men in Mexico?

Dr. INMAN. Yes, sir; that is what he says.

Senator BRANDEGEE. I opened your book a few minutes ago and read one statement there that the great task in Mexico was to develop some character.

Dr. INMAN. Yes, sir; that is what I believe.

Senator BRANDEGEE. That means that at present, in your opinion, they are without character, does it not?

Dr. INMAN. Not entirely without character.

Senator BRANDEGEE. I would assume that, as a rule, if they did not develop it.

The CHAIRMAN. Now, Doctor, what has that to do with that statement you made? Shall I read your statement again to you?

Dr. INMAN. What part of it do you refer to?

The CHAIRMAN. "When the country has been worked up just a little bit more it would be very easy to pull off a few raids by Villa or other bandits in Mexico, as has already been done, and inflame the people of the United States to such an extent that we shall be swept into war before we know it." Now, you have read that article, which I presume you say is intended to inflame the minds of the people of the United States. What has that to do with the pulling off of a raid by Villa or others across the border? Do you construe that to mean that Maj. McDonald was securing assistance from the Association for the Protection of American Rights, with the idea that he was going to give financial assistance or any other assistance to Villa or any Mexicans to raid American homes?

Dr. INMAN. No, sir; I don't think so, but I think that would certainly make that very easy for that to be done.

The CHAIRMAN. Well, but what do you mean by that statement? I must say that in my judgment, if I may be allowed to give my individual judgment, formed after a good many years' rather intimate association with Mexico, and living on the border and representing a border State, and having been in Mexico and on the border for 35 years, that any statement or reference to any American entering into any scheme to have the border raided, or Americans killed, or American women outraged, or American property destroyed on this border or in Mexico, for the purpose of bringing about intervention, is one that should be proven by anyone who repeats it or even suggests a repetition. It is an outrageous thing, it strikes me. Does it not you?

Dr. INMAN. Well, there have certainly been renegade Americans down there who have done a lot of things.

The CHAIRMAN. Were there any renegade Americans in the Villa raid?

Dr. INMAN. I don't know.

The CHAIRMAN. Did you ever hear that there were?

Dr. INMAN. No, sir.

The CHAIRMAN. Did you ever hear there were any renegade Americans coming across from Mexico, with the Mexicans on the other side?

Dr. INMAN. I don't recall any particular instance; no, sir.

The CHAIRMAN. I will put into the record at a later date some of the actions of renegade Americans on this side cooperating with Mexico.

Senator BRANDEGEE. When you state that after the country has been sufficiently aroused by this propaganda by the interests, that "it will be easy to pull off some Villa raids and inflame the country," do you mean to intimate that American business interests are going to buy Villa to raid this country, so as to force this country to intervene? Is that your idea?

Dr. INMAN. I think some renegade Americans are working on the proposition all the time.

Senator BRANDEGEE. By "renegade Americans" do you mean the oil interests and these interests that have been referred to?

Dr. INMAN. Certainly not.

Senator BRANDEGEE. Renegade Americans do not have a large amount of money, generally, do they, to buy Mexican armies to invade their country?

Dr. INMAN. Sometimes they do.

Senator BRANDEGEE. You don't mean any American business interests would attempt to do that?

Dr. INMAN. No.

Senator BRANDEGEE. That is all I wanted to know.

The CHAIRMAN. What object would there be in any Americans pulling off a raid, as you say?

Dr. INMAN. Well, because—what are these renegade Americans doing over there?

The CHAIRMAN. You are connecting oil interests here who are acquiring oil properties in Mexico, and stating that they are desirous of acquiring Mexico. In that connection you are holding out to your people here that certain people are seeking to inflame public opinion to such a point that a raid can then be pulled off which will so inflame public opinion that war will be brought about and Mexico acquired for the oil interests or other interests? Is that what your letter says?

Dr. INMAN. Well, maybe I have not made that point clear.

The CHAIRMAN. Well, my idea is this, that if it is simply a renegade American acting independently, attempting to secure a lot of Mexican cutthroats, to raid the border, if he is acting on his own initiative, what has that to do with the oil interests or the American interests of any kind? Do you believe that the American Smelting & Refining Co. would be guilty of anything of that kind?

Dr. INMAN. I don't think so.

The CHAIRMAN. Do you believe that the Phelps-Dodge Co., owning the Nocoziari mines, would try to do anything of that kind?

Dr. INMAN. I don't think so.

The CHAIRMAN. Do you believe the Cole-Ryan Syndicate, owning the Cananea mine, would be guilty of anything of that sort?

Dr. INMAN. I don't know them.

The CHAIRMAN. Well, Mr. John D. Ryan is at the head of it, who was at the head of the Aircraft Division during the war. Thomas F.

Cole has been identified with the Steel Co. for many years, until he retired a few years ago. They are what is known as the Cole-Ryan Syndicate and control the Cananea copper mine, and it is from that mine that a very large part of the copper you testified about coming into this country comes. Do you believe those people would attempt to bring about a war by hiring renegade Americans or certain Mexicans to raid the Americans on this side of the border?

Dr. INMAN. I don't think so.

The CHAIRMAN. Now, Doctor, do you believe that any man, whether he is a Christian or not—any American—would be guilty of anything of that kind?

Dr. INMAN. Yes; I think there are some men who would be.

The CHAIRMAN. Well, sir, I am sorry. I am rather glad that I have a better opinion of Americans than you have. I have not had any such associates that would lead me to such belief.

Dr. INMAN. Americans are just like other people. They are just human beings, and I guess we have got our share of bad ones as well as other nations.

The CHAIRMAN. Undoubtedly. Then, if you did not mean what you say, do you not think you should have explained this letter you sent out to your missionaries telling them that you did not mean to mislead them into the belief that the Association for the Protection of American Rights in Mexico were trying to bring about intervention by inflaming public opinion to such an extent that Congress and the administration would be compelled to intervene by armed forces and make war? Do you not think, if you had no real reason to make such a statement, that you should correct the statement you sent out?

Dr. INMAN. Mr. Chairman, I didn't make any statements about any organizations or anything of the kind, and I did not intend to.

The CHAIRMAN. Counsel has just called my attention to page 119 of your book, which I have not read. It states there:

But the real reason for our making war on Mexico, if we do, would be in order to protect American investors. Of course, the great majority of our people would not knowingly consent to making war for that reason, but it would not take a great deal more misrepresentation by the American press about the chaos that exists in Mexico and another sensational border raid or two, which could easily be arranged, to make the majority honestly vote such a war for the good of Mexico.

You wrote that?

Dr. INMAN. Yes, sir.

The CHAIRMAN. You still adhere to it?

Dr. INMAN. Yes, sir.

The CHAIRMAN. And you think the natural conclusion from the reading of that and from the reading of that letter that the people to whom you sent it would draw that Americans for that unholy purpose would arrange to bring about raids across the border?

Dr. INMAN. I am ready to stand by what I said in the book.

The CHAIRMAN. And what you said in the letter?

Dr. INMAN. That letter was hastily written; was written without any thought of its publication or anything of the kind.

The CHAIRMAN. What distinction do you make between the letter and this statement: "Border raid or two could easily be arranged and make the majority honestly vote such a war for the good of Mexico"? What do you mean by "could easily be arranged"?

Dr. INMAN. I mean it would be a thing that could be arranged.

The CHAIRMAN. What knowledge have you about arranging raids between Mexico and this country?

Dr. INMAN. I haven't any knowledge except what has been published very widely.

The CHAIRMAN. Where?

Dr. INMAN. In the papers.

The CHAIRMAN. Well, I am asking you about that now. What papers do you mean?

Dr. INMAN. In various different papers and even in books which claim that these raids have been financed in that way.

The CHAIRMAN. Do you think any conscientious American has published such a statement in a book without sufficient fact to sustain it?

Dr. INMAN. I don't remember just now how they were brought out, but I can look up that fact.

The CHAIRMAN. I wish you would.

Dr. INMAN. I will look them up for you.

The CHAIRMAN. I will promise you that, if the process of this committee or of the Senate of the United States can reach any such American, it will reach him, and he will be asked to explain any such statement. I will be very much obliged if you will give me the names. Have you made any statement in your book, or elsewhere, Doctor, with reference to American oil interests or any other interests having financed banditry in Mexico?

Dr. INMAN. Yes, I made reference to that in an article in the Survey.

The CHAIRMAN. What was the statement?

Dr. INMAN. It was a statement that the oil interests had supported Pelaez. I think they have acknowledged that they supported Pelaez.

The CHAIRMAN. In what connection did you make that statement? What was the purpose in making that statement?

Dr. INMAN. Well, the editor of the Survey asked me about that situation.

The CHAIRMAN. I understand, but what was your object in making the statement, aside from simply stating what you understood to be the fact? You must have had some object in it. What connection did it have? What conclusion did you draw from it and what argument did you make on it?

Dr. INMAN. My conclusion is that those interests that supported him were not favorable to Carranza.

The CHAIRMAN. That the American oil interests in supporting Pelaez were necessarily against Carranza and were spreading that propaganda to bring about intervention against the present Carranza Government?

Dr. INMAN. I had thought so.

The CHAIRMAN. I asked you if that was your purpose. What are the purposes you had?

Dr. INMAN. The purpose I had was to show that the American financial interests have kept Carranza from regaining control of the country, because they were supporting Pelaez, and naturally Carranza has not been able to oust him as he probably would have otherwise.

The CHAIRMAN. Do you know of any person or have you any information—I don't mean of your personal knowledge—but have you any information with reference to payments which have been made by the oil companies in Mexico for that purpose?

Dr. INMAN. Except the statement that is made in The Nation by the Association for the Protection of American Rights.

The CHAIRMAN. That was in answer to some of the charges that had been made?

Dr. INMAN. Yes, sir.

The CHAIRMAN. They undertook to give the correct figure, did they not?

Dr. INMAN. Yes, sir.

The CHAIRMAN. That was in answer to some of the wild statements that had been made about the enormous figures, and the Association for the Protection of American Rights undertook to reply and give the exact figures, and they admitted they were paying money to Pelaez?

Dr. INMAN. Yes, sir.

The CHAIRMAN. Do you know who among the Mexicans first obtained money from the oil interests in Mexico for protection?

Dr. INMAN. No, sir.

The CHAIRMAN. You have never investigated that?

Dr. INMAN. No, sir.

The CHAIRMAN. You don't know who established the precedent?

Dr. INMAN. No, sir.

The CHAIRMAN. Of compelling protection at the hands of the Mexicans?

Dr. INMAN. No, sir.

The CHAIRMAN. Have you heard that the Government of the United States has very recently authorized the payment of \$15,000 to bandits on the border for the rescue or turning over of American aviators?

Dr. INMAN. Yes, sir; I think I heard of that.

The CHAIRMAN. You heard of that?

Dr. INMAN. Yes, sir.

The CHAIRMAN. You didn't think there was any harm in that? You thought that was all right for the American Government to pay the bandits for the ransom of American Army men the sum of \$15,000?

Dr. INMAN. Well, I suppose that was all right. I was a little doubtful about that.

The CHAIRMAN. If that money had been paid to Carranza, that would have been all right, too? If that money for protection that was paid by the oil interests had been paid to Carranza, that would have been all right, would it not?

Dr. INMAN. If it had been paid in a legitimate way for taxation, and so forth.

The CHAIRMAN. Has Carranza control of the district where Pelaez is?

Dr. INMAN. No, sir; I don't think he has.

The CHAIRMAN. Doctor, what would become of an oil well if a match was struck to it? Do you know?

Dr. INMAN. I have a rough picture in my mind.

The CHAIRMAN. Have you ever seen any of those oil wells down there?

Dr. INMAN. Yes, sir; but not since they were developed in a large way.

The CHAIRMAN. You have not been in any of those other large districts?

Dr. INMAN. No, sir.

The CHAIRMAN. You have an idea of what would happen?

Dr. INMAN. Yes, sir.

The CHAIRMAN. It would be disastrous, at any rate, to that one well?

Dr. INMAN. I expect so.

The CHAIRMAN. Do you have an idea of what would follow the closing up or attempting to shut down one of those large flowing wells?

Dr. INMAN. I have an idea, of course.

The CHAIRMAN. What do you think would be the result?

Dr. INMAN. Of closing up the well?

The CHAIRMAN. Yes.

Dr. INMAN. I suppose it would have the result of pressure on the other wells.

The CHAIRMAN. That is all?

Dr. INMAN. That would probably bring about combustion itself.

The CHAIRMAN. Then if you had two wells, and some Mexican bandit had possession of one and threatened to close it down unless you paid him some money, you would tell him to go ahead, it would just increase the flow of the other?

Dr. INMAN. The other might burst up in the meantime, I should think.

The CHAIRMAN. You have no knowledge of the payment to these people further than what you have testified to, what you saw in the Nation, in answer to some statements that had been published, a statement from this Association for the Protection of American Rights as to the exact amount which they were paying?

Dr. INMAN. No, sir.

The CHAIRMAN. Have you any reason to believe they did not state the truth in that statement? Now, Doctor, do you know of any Americans having been compelled to pay ransom to any of the Carrancistas or Villistas or any of the other "istas" down there in Mexico?

Dr. INMAN. I see that every once in a while in the paper, and I suppose it is true.

The CHAIRMAN. You think it is legitimate, do you?

Dr. INMAN. Well, I imagine if it was one of my own people I would think so.

The CHAIRMAN. You would try to rustle the money?

Dr. INMAN. I certainly would.

The CHAIRMAN. And pay it over?

Dr. INMAN. Yes, sir.

The CHAIRMAN. If you had an oil well in Mexico, you would pay rather than have it destroyed, would you not?

Dr. INMAN. Well, I suppose I would.

The CHAIRMAN. Then, would you believe you were guilty of fomenting or creating disturbance against an orderly government in



Mexico, or having been guilty of a desire to overturn that Government, because you paid for the protection of certain property?

Dr. INMAN. Well, Mr. Chairman, if that was continued, if I continued my relations with the bandit organization, I should be working against the interest of the Mexican Government. As I said in my book, the oil men probably have their side of it, but certainly from the standpoint of the Mexican Government they have not co-operated with them.

Senator BRANDEGEE. If the Mexican Government did not protect these oil men and their properties, how could they run them and supply us with oil unless they pay the men who are in control of the territory where the oil wells are situated, if those men demand it?

Dr. INMAN. My opinion has been that if they did not support Pelaez and encourage him that Carranza would be able to take charge of that district. I think it is the mistaken judgment of those men that Carranza can not take charge of the district.

Senator BRANDEGEE. He evidently was not in charge of it when they began to pay. If he had been, they would not have had to pay the bandits.

Dr. INMAN. Evidently not.

Senator BRANDEGEE. Where would be the stopping point, in your opinion? If they stopped paying that, what would happen to the oil wells?

Dr. INMAN. I think that Carranza at the present time could send a force in there, and if the oil companies would make arrangements with him to do that and say to him frankly, we depend absolutely on you to do this, and enter into an agreement with him as to the number of men he would send there, I believe he could do it.

Senator BRANDEGEE. You don't think these oil men are paying these bandits for the purpose of opposing Carranza or the Carranza Government?

Dr. INMAN. No; I don't think so. The oil men are paying for their protection—for the protection of their property, of course—but at the same time it works out as opposition to Carranza.

The CHAIRMAN. But you say you believe that Carranza could go in there and take possession?

Dr. INMAN. I think he could.

The CHAIRMAN. Why does he not do it?

Dr. INMAN. I mean to say, if Pelaez was not supported, if he didn't have ammunition, if his supplies were cut off, if he didn't have any money.

The CHAIRMAN. Do you mean the American oil companies are furnishing him ammunition?

Dr. INMAN. No, sir; but I suppose he gets it with money he receives from them.

The CHAIRMAN. Where does he get it?

Dr. INMAN. I expect he gets it from the United States, and it is smuggled across.

The CHAIRMAN. You say this Government having closed off ammunition to Carranza just hurts him. Can't Carranza buy his ammunition in the United States just as well as Pelaez can?

Dr. INMAN. Yes, sir; but Carranza is a legitimate government. He does not care to go into the smuggling process across the border.

The CHAIRMAN. He does not?

Dr. INMAN. I guess he gets a little that way.

The CHAIRMAN. I will take you down and introduce you to some of the merchants.

Dr. INMAN. No doubt he gets some. I mean he can't get enough that way.

The CHAIRMAN. Can Pelaez get enough that way?

Dr. INMAN. Yes, sir; Pelaez only has charge of a very small district.

The CHAIRMAN. Then as long as Pelaez has any ammunition at all Carranza can't control the district Pelaez is in charge of?

Dr. INMAN. Not unless Carranza can get more ammunition.

Senator BRANDEGEE. How many troops does Pelaez have?

Dr. INMAN. I don't know.

Senator BRANDEGEE. Not as many as Carranza?

Dr. INMAN. Well, hardly.

Senator BRANDEGEE. Carranza has more than Pelaez?

Dr. INMAN. Yes, sir; but Carranza has a great deal larger territory. He has a tremendous territory.

The CHAIRMAN. Doctor, have you had your attention called to this article in the Chicago Journal, dated August 25, with reference to Mexican matters?

Dr. INMAN. No, sir; I have not seen that. However, I had a letter from President Willett on that subject. He said the Chicago Federation had passed the resolution.

The CHAIRMAN. Yes; this is the resolution.

Dr. INMAN. It is not exactly like the committee had first presented it, but it amounted to the same thing.

The CHAIRMAN. I am going to put the resolution in the record, but I want to call your attention to the clipping, because the resolution apparently did not follow the first program outlined, which was along the line of propaganda, as I understand.

I will file this resolution, sent to me by Dr. McDonald, chairman of the committee, with the request that I put it in the record. It will be placed in the record at this time.

(The resolution referred to is here copied in the record in full, as follows:)

CHICAGO CHURCH FEDERATION,  
August 25, 1919.

Whereas recent events have indicated a tendency on the part of the United States Government to heed certain questionable propaganda which has been carried on, through the press and otherwise, urging that it assume a more drastic attitude toward Mexico, which has led to certain rather pre-emptory representations being made to the Government of Mexico and to greater military activity on the border, all of which seems to point in the direction of armed intervention: Therefore be it

*Resolved—*

First. That we disapprove and deplore the propaganda, believing that it can only result in harm to both countries, menacing, as it does, the friendly relations that should exist between them, threatening continuance of a legitimate commerce, involving in serious danger all the missionary and educational interests which have cost so much of treasure and life, and which have recently been reestablished in a manner that gives rich promise of practical achievement, and involving also our relations with the whole of Latin America.

Second. That we are convinced by reports that have come to us from men of prominence and character who have traveled extensively in Mexico in recent months, that great progress has been made in the pacification of the country and in the establishment of stable government. We are not unaware that banditry exists in certain parts of the country, but we are convinced that it is

gradually being suppressed. It is unreasonable to charge the Government with weakness because it fails to afford protection to everyone in every place, and especially so when it is remembered that the country is just emerging from a long period of revolution; that many of its inhabitants are without education or training as citizens, and that it is a country of vast mountain fastnesses, where the population is sparse and adequate policing is almost impossible.

Third. That we commend the policy of patience and friendship pursued by our Government during the period of the Mexican Revolution, and urge its continuance. While we are aware that American investors and others have suffered much because of the unsettled condition in Mexico, and that in the old days these experiences might have been considered cause for war, they can not be so considered now since our boys have fought and died to end war.

Fourth. That we approve measures for adequately policing the border and punishing bandits, and all proper efforts to protect the property and life of American citizens, but urge that Americans residing in Mexico give due heed to the admonition of the Mexican Government, voiced in a recent communication to the United States Government, that they live as far as possible in populous centers and accept military escorts when they are compelled to go upon errands into sparsely settled places. This admonition is manifestly both right and reasonable and should be heeded both in the interest of personal safety and to avoid international complications.

Fifth. That we call upon churches and ministers and editors of religious papers, upon boards of trade and associations of commerce, upon labor organizations and welfare institutions, upon political party leaders, upon the press generally, and upon all right-minded citizens to do all in their power to frustrate and bring to naught efforts of propagandists to provoke hasty and unjustifiable armed intervention in Mexico and at the same time to spread information that will enable the public to assume an attitude of friendliness and patience toward Mexico, confidently believing that this is the best way to secure the ends of justice and peace we all desire.

JOHN THOMPSON,  
PHILIP YARROW,  
PERRY J. RICE.

*Subcommittee of the Commission on International Friendship  
of the Chicago Church Federation.*

I have this newspaper clipping from the Chicago Journal of August 25, which I wish to have placed in the record following the resolution.

(The newspaper clipping referred to is copied in the record in full, as follows:)

#### MINISTER BLAMES BIG BUSINESS FOR KEEPING MEXICO OUT OF LEAGUE.

Blame for the elimination of Mexico from representation in the league of nations was placed upon investors of the United States and foreign countries by Rev. Dr. H. L. Willett to-day in an address opening the meeting of the Chicago Church Federation at Central Y. M. C. A.

Mr. Willett said that "big business" was conducting a well-organized propaganda to force intervention by the United States in the southern republic, and that if we intervened the effects of 50 years of religious work in Mexico would be eradicated.

#### MUST BREAK FRIENDSHIP.

"If we intervene in Mexico, we can not continue as friends of the country," he said.

Mr. Willett introduced Perry J. Rice, a religious worker, who has had a number of years' experience at the border, and who submitted a number of resolutions pertaining to the Mexican question.

The resolution condemned the alleged capitalistic propaganda and urged that this country strive to continue friendly with Mexico and that the administration of Carranza be indorsed, because it was making good; praised President Wilson's administration for refraining

from intervention and condemned the United States Mexican investigation committee, of which Senator Fall of New Mexico is the head, as "prejudiced and unfair."

## RESOLUTIONS REJECTED.

These resolutions were rejected and new ones ordered to be drawn up by a committee consisting of Dr. John Thompson, general superintendent of Medical Missionary Societies; Dr. Perry J. Rice; and Dr. Yarrow. It was agreed upon that the new resolutions were to eliminate approval of the Carranza administration, the censor of press, an heavy financial interests.

The CHAIRMAN. Do you know Dr. Rice?

Dr. INMAN. Yes, sir.

The CHAIRMAN. He is formerly from El Paso, Tex.?

Dr. INMAN. Yes, sir.

The CHAIRMAN. Where is he now?

Dr. INMAN. He is in Chicago.

The CHAIRMAN. Do you know where Dr. Willett is?

Dr. INMAN. Yes, sir; he is in Chicago, University of Chicago.

The CHAIRMAN. Does the doctor know anything about Mexico?

Dr. INMAN. Dr. Rice does.

The CHAIRMAN. No; Dr. Willett?

Dr. INMAN. I don't know that he has any particular special knowledge of Mexico.

The CHAIRMAN. Except just such information as he got from you and others? He got his information from you and others on whom he relies?

Dr. INMAN. Yes, sir; although I have not given him any information myself.

The CHAIRMAN. You said you had a letter from him?

Dr. INMAN. Yes, sir.

The CHAIRMAN. Have you written him?

Dr. INMAN. No, sir. I think he wrote me. I think he began the correspondence.

The CHAIRMAN. Has he received a copy of this letter of yours we have been discussing this afternoon?

Dr. INMAN. I do not know.

The CHAIRMAN. It having been published in the press, it is fair to assume he has seen it, is it not?

Dr. INMAN. Yes, sir.

The CHAIRMAN. Do you think Dr. Rice can be found now in Chicago?

Dr. INMAN. Yes, sir.

The CHAIRMAN. In care of Dr. Willett?

Dr. INMAN. Yes, sir.

The CHAIRMAN. I know that Dr. Rice used to know something about Mexico and I would like to have him questioned.

Dr. INMAN. I think it would be a good idea to have him before the committee.

The CHAIRMAN. You have spoken of several documents that you would let us have and several names that you would furnish us. We have been at work now three hours and a quarter pretty steadily, and I suspect you are a little bit tired, and I know I am. I see my colleague is getting restless. One question before we close. Did you go into any of the hospitals in the City of Mexico?

Dr. INMAN. No, sir.

The CHAIRMAN. Have you been in any of the hospitals anywhere in Mexico in the last year or two?

Dr. INMAN. No, sir; not in the last year or two.

The CHAIRMAN. You spoke of the nationalization of women. Did you mean by that that there had been no law nationalizing women, or that the custom was not prevalent anywhere in Mexico?

Dr. INMAN. I meant the custom was not prevalent.

The CHAIRMAN. Not only that there was no law, but no custom?

Dr. INMAN. Yes, sir.

The CHAIRMAN. Have you ever been in Mexico when an attack has been made upon any of these little towns you spoke of, of about a thousand inhabitants?

Dr. INMAN. I have been in Piedras Negras when attacks were made.

The CHAIRMAN. Did you know that the hospitals in Mexico were filled with little girls that have venereal diseases of different kinds, little girls 13 years old?

Dr. INMAN. The biggest percentage of the children in Mexico have venereal diseases.

The CHAIRMAN. Is that customary? You say a large percentage.

Dr. INMAN. I would want to be very careful about those things, because you understand how sensitive everyone is about those questions, but there is certainly a large percentage of the Mexican men that have venereal diseases.

The CHAIRMAN. I am speaking of the little girls. I am not speaking of the men.

Dr. INMAN. No; but I mean to say the venereal diseases are inherited.

The CHAIRMAN. I am not speaking of inherited diseases; I am speaking of those acquired by contact.

Dr. INMAN. No; I didn't know that.

The CHAIRMAN. You did not?

Dr. INMAN. No, sir.

The CHAIRMAN. I am going to ask you to be present and listen to some testimony along that line which will be offered before this committee, and I think that will possibly open your eyes. It will be offered a little later on.

Dr. INMAN. I think that testimony should certainly be established very clearly.

The CHAIRMAN. What?

Dr. INMAN. I suppose you mean that so many little Mexican girls have been raped and have gotten venereal diseases.

The CHAIRMAN. You say you suppose it can be proven?

Dr. INMAN. No, sir; I say I think it ought to be; it should be very clearly established if accepted.

The CHAIRMAN. You don't believe it?

Dr. INMAN. I don't believe in the legality—

The CHAIRMAN. I am not speaking of that. Of course you don't.

Dr. INMAN. I mean it has been brought about in Mexico.

The CHAIRMAN. What has been brought about in Mexico?

Dr. INMAN. What is the expression that was used? I don't recall it now.

The CHAIRMAN. We were reading something here about the nationalization of women in Mexico, at which you took umbrage.

Dr. INMAN. Yes, sir.

The CHAIRMAN. And then as we were closing this afternoon I asked you what you meant by that, whether you had reference to a custom in Mexico during the last years, during this revolution, or whether you had reference to some national decree or act of nationalization. You know of no such decree or acts?

Dr. INMAN. Or custom.

The CHAIRMAN. And you know nothing about it? You have heard nothing about the custom?

Dr. INMAN. No, sir.

The CHAIRMAN. And you know nothing about the outrages of little children in Mexico which have filled the hospitals now with those children suffering with venereal diseases?

Dr. INMAN. No, sir; I never heard of that.

The CHAIRMAN. You have not been in the hospitals in Mexico?

Dr. INMAN. No, sir.

The CHAIRMAN. You have been writing about Mexico and conditions in Mexico?

Dr. INMAN. Yes, sir.

The CHAIRMAN. Do you not think you might very well have spent a few days in the city of Mexico and in the hospitals among these poor people?

Dr. INMAN. If I had done everything you had suggested this afternoon, I never would have gotten to write that book.

The CHAIRMAN. If you did not do some of those things, you should never have written the book. I have not written a book.

Dr. INMAN. I hope some day you will write a book.

The CHAIRMAN. I am going to write a chapter before we get through with this investigation.

We will be in recess until 11 o'clock to-morrow.

(Thereupon, at 6.10 o'clock p. m., the committee adjourned to meet at 11 o'clock a. m., tomorrow, Tuesday, September 9, 1919.)

# INVESTIGATION OF MEXICAN AFFAIRS.

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TUESDAY, SEPTEMBER 9, 1919.

UNITED STATES SENATE,  
SUBCOMMITTEE OF THE COMMITTEE ON FOREIGN RELATIONS,  
*Washington, D. C.*

The subcommittee met, pursuant to adjournment, at 11.20 o'clock a. m., in Room 422, Senate Office Building, Senator Albert B. Fall presiding.

Present: Senators Fall (chairman) and Brandegee.

The CHAIRMAN. The committee will come to order. Dr. Inman, will you resume the stand?

## TESTIMONY OF DR. SAMUEL GUY INMAN—Resumed.

The CHAIRMAN. Doctor, there were some names and, I believe, some documents that you wanted to identify and file with the committee. There were some names you wanted to give us and some documents that you wanted to file. If you are ready, we will proceed with that. If you prefer to make any further statement now of your own before filing your documents or giving the names, just pursue your own course.

Dr. INMAN. Thank you. Mr. Chairman, in reference to the matter of my letter which was before us yesterday afternoon for some time, I would like to read a reply to the only letter that I have received from any of the oil concerns with reference to that letter and say that it states my position.

This letter is dated August 19, 1919, and addressed to Mr. Ira Jewell Williams.

Senator BRANDEGEE. Who is it signed by?

Mr. INMAN. It is signed by me. The letter is as follows:

AUGUST 19, 1919.

MR. IRA JEWELL WILLIAMS,  
1421 Chestnut Street, Philadelphia, Pa.

DEAR SIR: Allow me to answer you letter of August 13, which has come to my office, in which you protest against published statements purported to have been made by the undersigned concerning propaganda in favor of intervention in Mexico.

Let me say that my main interest in this whole matter is the prevention of intervention, which I am convinced would be absolutely unjust and un-Christian. I believe it to be my duty toward the particular cause I serve and toward my country and Mexico to do all I can to prevent intervention. In the course of such duty I wrote a personal letter "To representatives of mission boards present at the Mexico City conference, February, 1919," calling atten-

tion to the widespread propaganda in favor of intervention in Mexico, saying that I was astounded at what certain men who had been fighting the movement told a company of interested people concerning such propaganda, particularly that of the oil interests. I then went on to quote what one of our Mexican preachers had told me intervention would mean and urged our missionary forces to use their influence with Congress and the religious press, since the daily press was largely closed to anything favorable to work against intervention.

This was a personal letter and not intended for publication. It was given out to the press without my knowledge.

The letter does, however, represent my present convictions. That there is propaganda which is making for intervention in Mexico no one who reads the papers for himself can doubt. An identical editorial, with exactly the same wording, favoring intervention recently appeared in eight different papers in widely separated areas of this country within four days of one another. The Washington administration itself, according to Associated Press dispatches, has decided that the propaganda is so brazen that it must be stopped. The New York times recently described four alleged kinds of propaganda regarding Mexico and gave detailed information concerning one propaganda agency representing some of the oil concerns.

The Nation has recently published a series of articles in which very direct charges are made against definite oil organizations and your own connection with the propaganda pointed out. Lawyer Gibbons has recently contributed a whole book directly advocating intervention. So I am at a loss to understand why a statement of mine, which happened to get into the papers, should cause any stir.

While I have made no charges against any individual or organization, if any such wishes to consider themselves referred to and can bring clear proof that I have misrepresented them, I shall, of course, be glad to acknowledge my mistake. It certainly will not prove to be less "defamatory and false," as you call my statements, than the recent letter published in the New York Times in which an association of oil producers refers to me as a Carranza propagandist.

Concerning your references to the new constitution in Mexico, and all the questions involved, you will find what I believe, after careful investigation, to be the truth of the matter in my book, "Intervention in Mexico," where I have endeavored to set forth the whole situation in as sympathetic an attitude as possible toward all concerned. I repeat that my interest in the whole matter is to prevent intervention in Mexico, which I believe would be the unpardonable national sin, just as we have come out of a war to end war and just as Mexico is beginning to return to normal life. I shall be glad to cooperate with any decent forces that are of like mind.

Yours, faithfully,

S. G. INMAN.

Mr. CHAIRMAN. I regret to bring up this whole matter again, but I felt that I ought to present that letter and also make this additional statement, since the matter was dwelt on so long yesterday.

Since the issuance of my letter to which reference has been made, I have been more convinced of the unfair practices of some of the oil interests in their fight for their own interests in Mexico, especially because of their personal attacks on me and endeavors to intimidate me. I have been threatened with a libel suit. The Association for the Protection of American Rights in Mexico have published that I was a Carrancista propagandist. A representative has attacked my character, insinuating that I was dishonest in my efforts against intervention, has made false statements about the opposition to my activities by members of my committee, and false statements concerning the work of my committee in this connection.

I did not desire to take up this matter before the Senate committee, for it did not seem to me germane here; nor have I any controversy to pursue with any of the oil men; but since you have a copy of the only letter that I have written to the oil men—you told me



yesterday that you had this copy of the letter that I have just read——

The CHAIRMAN. Written to Mr. Williams?

Dr. INMAN. Yes.

The CHAIRMAN. Yes; I have it here before me.

Dr. INMAN. I presume that they have furnished it to you as well as my original letter, in order to bring it before your committee.

This continual attempt to intimidate me therefore leads me to make this statement, which I hope you will allow to be my final one on this subject.

Senator BRANDEGEE. What is the statement that you are reading from?

Dr. INMAN. This [indicating]?

Senator BRANDEGEE. Yes.

Dr. INMAN. Simply a letter—a little note——

Senator BRANDEGEE. Oh, something that you wrote to read to this committee?

Dr. INMAN. Yes, sir; I wrote it this morning.

The CHAIRMAN. You are reading that to the committee and expressing the hope that the committee will allow that to be the last word from you upon the subject of this letter?

Dr. INMAN. Yes.

The CHAIRMAN. I regret that you make that request of the committee. The committee is not going to allow any witness before it to make a statement of his own volition and close the hearing upon that proposition.

Dr. INMAN. Well, I simply felt, Mr. Chairman, that while so much time was spent on the matter yesterday, and confessedly I was very confused on the whole thing and was not familiar with my rights as a witness or anything of the kind, my endeavor was to avoid making any personal issues at all. I do not care to go into it. In fact, I would not like, Mr. Chairman, to go into it, but I simply make this statement, for it seemed to me that your committee should admit this statement by me which has come to me from various different sources.

Senator BRANDEGEE. It is already in the record. You have read it as a part of your testimony. It is admitted already in the record. What do you mean when you speak of an attempt to intimidate you? Who is attempting to intimidate you?

Dr. INMAN. As I said, Mr. Chairman, I would prefer not to discuss this matter any further. The letter that I have submitted explains my position, and this statement that I have just read explains what I mean by that.

Senator BRANDEGEE. You come here and read a written statement that you have prepared in which you say there is an attempt to intimidate you. And I ask you what you mean by that, and who is attempting to intimidate you, and you say you do not care to explain.

Dr. INMAN. I have explained that in my statement.

Senator BRANDEGEE. I may be dense and obtuse about it. Will you answer my question? Who is attempting to intimidate you?

Dr. INMAN. I said I have been threatened with a libel suit, and the Association for the Protection of American Rights in Mexico have published that I was a Carrancista propagandist, and a representative has attacked my character, insinuating——

Sentor BRANDEGEE. Wait a minute. Who has attempted to intimidate you?

Dr. INMAN. I think those words are clear enough, Senator.

Sentor BRANDEGEE. Who is it? You say you have been threatened with a libel suit—by whom?

Dr. INMAN. I make that statement here.

Sentor BRANDEGEE. You do not answer any of my questions, Doctor. I ask you who has threatened you with a libel suit?

Dr. INMAN. Shall I read this again?

Sentor BRANDEGEE. No; give me the name of the party who has threatened to sue you for libel.

Dr. INMAN. I think it is made clear here.

Sentor BRANDEGEE. Well, give it to me, can you not? You know who it is, do you not?

Dr. INMAN. I have just made a plea before the committee to allow this statement to go in—

Sentor BRANDEGEE. It is already in.

Dr. INMAN. And to make that my final statement on this matter.

Sentor BRANDEGEE. I know; but I have the right to cross-examine you on your testimony. You have come here and read the paper which is in the record, in which you make certain statements, one of which is that somebody is attempting to intimidate you. You have not stated who it was. Another one is that somebody has threatened to sue you for libel. You have not stated who that was. I ask you to tell me who those parties are in each instance.

Do you decline to answer?

Dr. INMAN. If I have a right to; yes.

Sentor BRANDEGEE. Very well. You stated that yesterday you were not familiar with your rights as a witness. Are you familiar with them to-day?

Dr. INMAN. No, sir; I am not.

Sentor BRANDEGEE. Do you want to exercise any right here?

Dr. INMAN. No, sir; I do not. I simply want to put in this statement of what seems to me to be fair, and then close up this matter, which does not seem to me germane to this committee. I want to say that I have an appointment with Mr. Williams in which I expect we shall discuss all of these matters, and it seems to me that there is the place for us to clear up any personal difference, rather than here. Therefore, because of all of the things that are involved, I prefer not to discuss the matter further.

Sentor BRANDEGEE. Of course, if you decline to answer questions, I shall not press you any further.

Who is the Mr. Williams that you speak of as having an appointment with you?

Dr. INMAN. This gentleman to whom I wrote the latter.

Sentor BRANDEGEE. Who is he?

Dr. INMAN. I think he is president, or at least connected with the Boston Oil Co.

Sentor BRANDEGEE. I do not care to inquire any further, Mr. Chairman.

The CHAIRMAN. Is Mr. Williams present?

Mr. WILLIAMS. Mr. Williams is present, sir.

Sentor BRANDEGEE. Did you mean to intimate by your statement in which you say that yesterday you were not familiar with your

rights, and you say you do not wish to exercise any right to-day, or to claim that you have been denied any of your rights?

Dr. INMAN. No, sir.

Senator BRANDEGEE. I do not then see the relevancy of the statement, myself.

That is all I care to inquire.

The CHAIRMAN. Doctor, are you willing, or do you desire that it should go out to the public and to your board and to the churches of this country that you should make a statement such as you have just made, that you have been intimidated and have been attacked, that you have been threatened with a libel suit, and that for these reasons you decline to go any further into a discussion touching your letter upon which you were examined yesterday?

Dr. INMAN. Yes, sir.

The CHAIRMAN. You want that to go out to the churches?

Dr. INMAN. I am willing for that to go out.

The CHAIRMAN. Is your purpose to make the impression upon the public that this committee will not assist you in guarding your interests in any way?

Dr. INMAN. It certainly is not.

The CHAIRMAN. Then, why decline to go into the matter further at this time with the committee? Do you not regard it as a reflection upon the committee itself that you should read such a statement as this and then decline to go any further?

Dr. INMAN. I do not see how it is a reflection on the committee. I had no idea of that at all.

The CHAIRMAN. I think, Dr. Inman, that if you have counsel you might possibly be properly notified at this time that the committee thinks they can make you go into it, and they will consult later as to what course they will take in the matter.

In connection with this statement of Dr. Inman's, the chairman files for the record a letter of September 3, 1919, addressed to Mr. James G. McDonald, chairman League of Free Nations Association, 130 West Forty-second Street, New York City, with the additional statement that this letter notifies Dr. McDonald of this hearing and requests that he should notify all the committee whom he suggested might attend the hearings to bring before the committee all documents, etc.

(The letter referred to is as follows:)

SEPTEMBER 3, 1919.

Mr. JAMES G. McDONALD,

*Chairman League of Free Nations Association,  
130 West Forty-second Street, New York City.*

MY DEAR MR. McDONALD: Referring to your favors of the 13th and 14th ultimo, I am instructed by Senator Fall to thank you and to apologize for not having replied to these communications earlier. The reason for this delay is that the members of the subcommittee have been so engrossed in the duties incident to the report on the league of nations that they have been unable to get together to perfect their organization.

I am pleased to advise you, however, that the committee expects to begin hearings on next Monday, September 8, and in conformity with your very generous offer under date of the 14th ultimo, I am instructed to request that you and such members of your association as compose the committee referred to, who recently visited Mexico, appear before the committee at 11 o'clock a. m. on that date.

I am also instructed by the committee to request that the witnesses bring with them any documentary evidence, plans, maps, or other data which might

be of use in this investigation. I am instructed to request, especially, that Mr. Samuel Guy Inman, spoken of in your letter of the 13th, be present.

Upon receipt of this communication will you kindly wire the writer or Senator Fall direct, stating at the time if it will be convenient to appear upon this request, also stating if it will be necessary to subpoena any of these witnesses.

I am,

Very sincerely, yours,

DAN M. JACKSON,  
*Secretary Subcommittee.*

The CHAIRMAN. I also file a letter of September 4, 1919, addressed to Mr. James G. McDonald, with reference to certain propaganda matter sent out by the League of Free Nations, containing an exposition or claimed exposition of the Mexican rights to confiscate oil properties in Mexico, being advance sheets of *The Oil and Paint Journal*.

(The letter referred to is as follows:)

SEPTEMBER 4, 1919.

MR. JAMES G. McDONALD,  
*Chairman League of Free Nations Association,  
130 West Forty-second Street, New York City.*

MY DEAR MR. McDONALD: Supplementing my letter of yesterday, the committee will be grateful if the author of the article "Mexico and petroleum exploitation—An official study of oil commission chiefs," contained in the advance proof from the *Oil, Paint, and Drug Reporter*, New York, August 11, 1919, would also accompany the other witnesses to the hearing of September 8, 1919.

The committee would thank you to request that the author above mentioned bring with him any documents, books, or other references from which he prepared the very interesting statement mentioned.

I regret that this communication was not contained in my letter yesterday, but same was dictated hurriedly at the close of the day, and by an oversight this matter was not included. I would thank you to construe this communication in connection with my letter under date of September 3.

Very truly, yours,

DAN M. JACKSON,  
*Secretary Subcommittee.*

The CHAIRMAN. I also file a copy of a telegram of September 6 from the committee to Dr. McDonald answering Dr. McDonald's letter of September 4, in which letter of September 4 Dr. McDonald notified the committee that the present witness, Dr. Inman, would be here, but that Dr. Winton, Mr. Trowbridge, and Dr. Slaughter were not at that time immediately available.

The telegram of September 6 from myself as chairman notified Dr. McDonald that we had fixed this hearing at his request for the purpose of hearing all his committee, and with particular reference to the two last paragraphs of his first letter, in which he called attention of the committee to the unfair methods pursued by the House committee in its investigation, stating, with reference to Messrs. Inman, Trowbridge, Winton, and Slaughter—

urgently request you wire these gentlemen absent to appear as witnesses immediately. Also wire their full names and addresses, that separate subpoenas may be served wherever they may be.

We will be glad to have books, documents, etc., filed with the committee, but this hearing will be full and witness will be examined as to sources of information and all matters upon which they base their arguments, statements, and conclusions contained in such books or other writings or otherwise. Following examination your committee we propose immediate examination of all prominent oil men and Americans interested in Mexico. Subpoenas going forward by telegram.

That is signed by myself as chairman of the committee, followed by a written subpoena and by a confirmation by mail of the same date.

(The telegram of September 6, referred to by the chairman, and the letter of confirmation of the same date are here copied in full, as follows:)

[Telegram.]

SEPTEMBER 6.

JAMES G. McDONALD,

*130 West Forty-second Street, New York City:*

We are fixing meeting of committee for hearing your committee following your letter August 14 and with particular reference last two paragraphs. Committee is issuing subpoenas for yourself and Drs. Inman, Trowbridge, Winton, and Slaughter to appear on Monday. Urgently request you wire these gentlemen absent to appear as witnesses immediately. Also wire their full names and addresses that separate subpoenas may be served wherever they may be.

Will be glad to have books, documents, etc., filed with committee, but this hearing will be full and witnesses will be examined as to sources of information and all matters upon which they base their arguments, statements, and conclusions contained in such books or other writings or otherwise.

Following examination your committee we propose immediate examination all prominent oil men and Americans interested in Mexico. Subpoenas going forward by telegram. Kindly wire fully.

ALBERT B. FALL,

*Chairman Subcommittee on Mexican Affairs,  
Foreign Relations Committee.*

SEPTEMBER 6, 1919.

Mr. JAMES G. McDONALD,

*Chairman League of Free Nations' Association,  
130 West Forty-second Street, New York City.*

MY DEAR MR. McDONALD: This is to confirm a telegram which is just being sent to you, as follows:

"We are fixing meetings of committee for hearing your committee following your letter of August 14 and with particular reference last two paragraphs. Committee is issuing subpoenas for yourself and Drs. Inman, Trowbridge, Winton, and Slaughter to appear on Monday. Urgently request you wire these gentlemen absent to appear as witnesses immediately. Also wire their full names and addresses that separate subpoenas may be served wherever they may be.

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"ALBERT B. FALL,

*"Chairman Subcommittee on Mexican Affairs."*

Very sincerely, yours,

DAN M. JACKSON,

*Secretary Subcommittee.*

THE CHAIRMAN. Dr. Inman, I want to call your attention to the fact that the executive chairman, from whom we first learned of your desire to come before this committee, had been notified by telegram and by letter of the course which this examination would take.

Do you still prefer not to go further into this matter which you were questioned about yesterday?

Dr. INMAN. Yes, sir.

The CHAIRMAN. For the time being we will pass over that matter.

Who was putting up the money for the anti-intervention campaign which you were carrying on?

Dr. INMAN. So far as I know, there was a little fund of probably \$400 left from an old committee that was called the "Mexican Co-operative Committee" that worked during the time when Pershing went down there, or just before the Pershing expedition, when intervention looked so imminent, and that fund had remained with the treasurer ever since, the committee being inactive; and when some of the members of that committee saw the present crisis, they suggested to the League of Free Nations Association, which was a working organization at that time, that they should appoint a committee. That committee was appointed, and I think that the old funds were turned over to the League of Free Nations Association and they have supplemented those.

The CHAIRMAN. You say \$400 remained in the old committee fund, and it was turned over to the League of Free Nations Association, and the league has supplemented this fund. Do these funds comprise all the sums which have been used in the propaganda work?

Dr. INMAN. Yes, sir; as to the League of Free Nations Association committee, or of any other that I know of.

The CHAIRMAN. I am speaking of your committee. Who is paying the expenses of yourself, for instance? By whom are your expenses paid?

Dr. INMAN. Of course, I am the executive secretary of the committee on cooperation in Latin America. My salary comes from the mission boards. I was not connected with either one of these organizations, but simply invited to come in as an outsider to work on that committee.

The CHAIRMAN. What salary do you receive?

Dr. INMAN. I receive \$3,600 a year.

The CHAIRMAN. Who pays your expenses?

Dr. INMAN. The committee on cooperation in Latin America.

The CHAIRMAN. You receive nothing at all from this committee on Mexico or from the League of Free Nations Association for your services?

Dr. INMAN. No, sir.

The CHAIRMAN. Do you want the public to understand that this book which you have gotten out on intervention in Mexico should be a guide to the people in the country generally with reference to Mexican affairs and should assist them in determining what they should do with reference to Mexico?

Dr. INMAN. It naturally represents my opinion and the opinion that I hope others will take.

The CHAIRMAN. That was your purpose in writing it and sending it out at this time?

Dr. INMAN. Certainly.

The CHAIRMAN. Who is paying for the publication of it?

Dr. INMAN. It is published by publishers who give me a royalty on the books, if enough of them are sold.

The CHAIRMAN. Do you object to answering as to whether you saw editorials in different papers, particularly in the New York World, stating that this letter of yours, this "riot call" letter, was given out by the Presbyterian Board of Foreign Missions?

Dr. INMAN. I did not see such an editorial; no, sir.

The CHAIRMAN. Did you see any statement in any of the papers to that effect?

Dr. INMAN. Yes, sir.

The CHAIRMAN. Who is Dr. Halsey?

Dr. INMAN. Dr. Halsey is one of the secretaries of the Presbyterian Board of Foreign Missions.

The CHAIRMAN. Has Dr. Halsey given publicity to any statement with reference to this letter of yours?

Dr. INMAN. About any statement with reference to the letter?

The CHAIRMAN. Yes.

Dr. INMAN. Not that I know of.

The CHAIRMAN. Do you know whether he ever denied that the letter was sent out by the Presbyterian board with their knowledge, denying this statement you have just testified to as having seen in the papers?

Dr. INMAN. No, Mr. Chairman; again I do not like to go further into that matter. It seems to me it has been discussed enough.

The CHAIRMAN. You say "No." Do you mean to say that you do not know or you have not seen or have no knowledge of any denial of Dr. Halsey such as I have referred to?

Dr. INMAN. I would like to repeat my request, Mr. Chairman, that I have tried to be just as kindly as I could and be as open and frank as possible in answering your questions, but I should prefer not to discuss further this matter of the letter.

Senator BRANDEGEE. Do you take the position that you are to be the judge of when a matter has been sufficiently discussed before this committee?

Dr. INMAN. I certainly do not; I simply make that request of the committee.

Senator BRANDEGEE. You have declined to answer certain questions that I have asked you. Do you decline to answer the question that the Senator has just put to you?

Dr. INMAN. I made that request to the committee.

Senator BRANDEGEE. I know; but so far as I am concerned, the request is denied. If the committee denies your request that you should be excused from answering, do you decline to answer the question?

Dr. INMAN. If I have the authority to do so.

Senator BRANDEGEE. You have got to decide whether you will answer or not.

Dr. INMAN. If that remains with me, then I refuse to answer.

Senator BRANDEGEE. It remains with you to say whether you refuse or not, and it remains with us to decide what we shall do about it if you do refuse.

The CHAIRMAN. You refuse to answer at this time?

Dr. INMAN. Yes, sir.

The CHAIRMAN. As showing the line of questioning which the committee proposes to pursue, I will, for the record, ask another question. Did you make any effort to correct the misapprehension of the public as to whether your letter was sent out with the consent of the Presbyterian Board of Missions or not? Of course, you can refuse to answer, if you desire to do so. Do you decline to answer that?

Dr. INMAN. I decline to answer that.

The CHAIRMAN. Of course, you understand that what members of the committee have said does not warrant you in believing that you can refuse to answer the questions of this committee with impunity.

Dr. INMAN. I understand. I understand that it is just kindness on your part that you do not pursue the matter, and I appreciate it.

The CHAIRMAN. To follow that with one other question along that line. In the event it were true that impression was as you have testified, you have seen from the publication in the papers, that your letter went out with the consent of the Presbyterian Board of Missions, and that it is true also that Dr. Halsey denied such statement, repudiated such impression, and that you have taken no steps whatsoever to correct such impression, then, in your opinion, would you be doing what was fair and just with the Presbyterian Board of Missions.

Dr. INMAN. Certainly, Dr. Halsey has not denied that the letter went out from his office. I have never heard of that.

The CHAIRMAN. Now you have gone back to the question which I asked you, and I repeat it. Dr. Halsey denied that it went out with the consent or was given out by the Presbyterian Board of Foreign Missions. That is the question that you declined to answer. But you now say that Dr. Halsey has not denied certain things. I repeat the question.

Dr. INMAN. I do not know that Dr. Halsey has given out any statement on the question.

The CHAIRMAN. Do you know Dr. Teeter?

Dr. INMAN. Yes, sir.

The CHAIRMAN. Who is he?

Dr. INMAN. Dr. Teeter is a Methodist missionary in Chile, or was formerly a Methodist missionary there, and has been in charge recently of a seminary movement of the Methodist Church for South America.

The CHAIRMAN. Is he a man of good character?

Dr. INMAN. I think so.

The CHAIRMAN. You say you think so. Do you have any doubt about it?

Dr. INMAN. No.

The CHAIRMAN. Then, in your opinion, he is a man of good character?

Dr. INMAN. Yes.

The CHAIRMAN. Do you know Dr. Fisher?

Dr. INMAN. Dr. Fred Fisher?

The CHAIRMAN. Yes, sir.

Dr. INMAN. I know him. Not very well, personally, but I know of him very well.

The CHAIRMAN. Where is he?

Dr. INMAN. He is in New York.

The CHAIRMAN. Have either Dr. Fisher or Dr. Teeter any connection with the interchurch movement?

Dr. INMAN. Dr. Fisher has. I don't know that Dr. Teeter has.

The CHAIRMAN. Do you know Dr. Farmer?

Dr. INMAN. Yes, sir.

The CHAIRMAN. Has he any connection with the interchurch movement in Latin-America?



Dr. INMAN. I think he has.

The CHAIRMAN. Dr. Teeter also has some connection, has he?

Dr. INMAN. I don't think Dr. Teeter has.

The CHAIRMAN. And Dr. Fisher?

Dr. INMAN. Dr. Fisher, yes, sir.

The CHAIRMAN. Drs. Fisher and Farmer, then, have connection with the interchurch movement. Are they men of equally good character, and both of good character?

Dr. INMAN. I should certainly say so.

The CHAIRMAN. What are their duties with reference to the activities of the interchurch movement in Latin America?

Dr. INMAN. Well, I do not know that Dr. Farmer was connected with the movement until just the other day. He told me he was making a survey of the Philippine Islands for the interchurch committee.

The CHAIRMAN. Do they play any part in determining the policies of the interchurch movement?

Dr. INMAN. Dr. Farmer and Dr. Fisher?

The CHAIRMAN. Yes, sir.

Dr. INMAN. Yes, sir.

The CHAIRMAN. They do?

Dr. INMAN. I should say so.

The CHAIRMAN. What part do you play in determining the policies of the interchurch movement in Latin America?

Dr. INMAN. I have been asked by the interchurch movement to direct their surveys for Latin America, and also to publish a paper in Spanish, or be the general editor of a paper in Spanish, to expand the interchurch movement in Latin America.

The CHAIRMAN. That is your sole connection with the interchurch movement in Latin America?

Dr. INMAN. Well, I am connected with the two departments, the survey department and what is called the field department. The survey department is to study the conditions in Latin America and to make up a book, and the field department is to work with the people, the members of the Evangelical churches and others, to get them to understand and to cooperate in the interchurch movement.

The CHAIRMAN. You have some board or committee which formulates the policies and outlines the work which is to be done in each of these departments, have you?

Dr. INMAN. There is a department of survey and another field department, with their respective secretaries.

The CHAIRMAN. In operating with or under these departments, are you under the control or direction or advice of some one else, or do you act simply as you please?

Dr. INMAN. Well, naturally we act together, in cooperation.

The CHAIRMAN. Do you have equal voice with any one else in outlining the work that is to be done?

Dr. INMAN. Probably in Latin America, that is my particular field. Of course, there is a general secretary, who has charge, is in charge of all of the fields—Latin America and China and Japan and all the others.

The CHAIRMAN. Are you authorized to inaugurate any new policies or outline any new policies with reference to your Latin-American work?

Dr. INMAN. I should not think so. If I understand your meaning of "policies," I would say not. You see the interchurch world movement is not an executive body; that is, it is not a body that employs missionaries, sends them out; it is simply a body to promote interest and to promote the collection of funds for the boards.

The CHAIRMAN. How does it operate—through a committee or governing board, or how?

Dr. INMAN. It operates through what is called a committee of one hundred, which numbers now about 150, and that is an executive committee of some 22 members, and then the cabinet of secretaries.

The CHAIRMAN. The executive committee and some 22 members is the committee to whom you addressed this letter that we were talking about yesterday, is it not?

Dr. INMAN. No, sir.

The CHAIRMAN. To whom was that addressed?

Dr. INMAN. That was addressed to the individuals who were present at the Mexico City conference, representing the mission boards.

The CHAIRMAN. The committee of 22 whom you have just mentioned is the same committee you spoke of yesterday in your testimony, is it not?

Dr. INMAN. No. Really this is not a committee that my letter was addressed to.

The CHAIRMAN. I am not speaking of the letter, but you testified to a committee yesterday, as I understood. If you did not, we will find out about it now. Does this committee of 22 operate by itself or has it an executive committee or a cabinet?

Dr. INMAN. It has a cabinet of employed secretaries.

The CHAIRMAN. Who outlines the policy, if anyone, pursued by this committee of 22?

Dr. INMAN. Dr. S. R. Taylor is general secretary.

The CHAIRMAN. Does the secretary outline the policy?

Dr. INMAN. I suppose he is looked to more than anyone else for that.

The CHAIRMAN. In your letter, which we were discussing yesterday, outlining a policy or attempting to adjust the following of a certain policy, was it simply your own policy or that of your associates?

Dr. INMAN. That letter simply represented me.

The CHAIRMAN. Did you consult any of your associates before sending that letter?

Dr. INMAN. I don't think I did.

The CHAIRMAN. You want us to understand that you simply sat down and dictated that letter and sent it out yourself without consultation with any one?

Dr. INMAN. Yes, sir. Dr. Winton suggests that you may not distinguish between the interchurch world movement, which is of very recent origin, and this older committee with which I have been associated for several years, the committee on cooperation in Latin-America, which is a permanent organization representing the various mission boards. I admit myself that there are intricate relations in there and it is difficult to understand.

The CHAIRMAN. What is this old permanent committee on Latin-America? How many members constitute that committee?

Dr. INMAN. It is made up of one representative from 30 different mission boards.

The CHAIRMAN. Then, there are 30 representatives, are there?

Dr. INMAN. Yes; and a few other cooperative members, making 32 or 34 altogether.

The CHAIRMAN. Are they represented by a committee in turn or by a secretary, or what, and how do they operate?

Dr. INMAN. They operate with an executive committee of about 12, and then Dr. Winton and myself are the 2 secretaries who give all of their time to the work.

The CHAIRMAN. Did you consult Dr. Winton before sending out this letter?

Dr. INMAN. No; Dr. Winton was in Nashville.

The CHAIRMAN. You stated to me yesterday that you had a letter which you intended to file. Have you the original or a copy of this letter now in your possession?

Dr. INMAN. Yes, sir; it is in these papers [indicating papers].

The CHAIRMAN. Will you hand it to me for a moment?

Dr. INMAN. I think probably after you showed me your copy last night I took it out. No.. Here it is [producing a typewritten paper].

The CHAIRMAN. This is a correct copy of it, is it?

Dr. INMAN. Yes, sir.

The CHAIRMAN. It is on the letterhead "The American Section of the Committee on Cooperation in Latin-America, representing the American and Canadian mission boards working in Latin-America, 25 Madison Avenue, New York. Officers: Robert E. Speer, D. D., chairman; Bishop William Cabell Brown, D. D., vice chairman; Bishop Luther Wilson, D. D., vice chairman; Samuel G. Inman, executive secretary; Webster E. Browning, D. D., Ph. D., educational secretary; George B. Norton, D. D., editorial secretary; James H. Post, treasurer; E. T. Coulton, chairman committee on survey; Henry C. King, D. D., LL. D., chairman committee on education; Gilbert N. Brink, D. D., chairman committee on literature; Edmund F. Cook, D. D., chairman committee on home base; E. E. Olcott, chairman committee on finance. Executive committee: John R. Mott, LL. D.; Miss Margaret E. Hodge; Frank Mason North, D. D.; T. B. Ray, D. D.; S. H. Chester, D. D.; E. H. Rawlings, D. D."

And those whose names I have already read, which names are marked with an asterisk.

Office of the executive secretary, 25 Madison Avenue, New York City. Temporary cable address: "Student"; telephone, Madison Square 98090.

You say that this was a private letter?

Dr. INMAN. Yes, sir.

The CHAIRMAN. Signed by yourself personally?

Dr. INMAN. Yes, sir.

The CHAIRMAN. And, of course, the fact that your name appears as the executive secretary of this committee on cooperation in Latin-America, in your judgment would carry no additional weight, so far as the contents of the letter are concerned.

Dr. INMAN. No more than my name would.

The CHAIRMAN. Your official position, in other words, would add nothing whatsoever to the weight that the churches or the people

engaged in Christian work in this country would give to any kind of a document?

Dr. INMAN. No, sir; not attached to that letter, where all of the men knew me very well, all those to whom it went knowing me well.

The CHAIRMAN. These men to whom you say it went would have no right to assume that this letter, being written on this letterhead, had been presented to any of the other officials or members of the committee who are named on the letterhead itself?

Dr. INMAN. No, sir.

The CHAIRMAN. When you intend that your correspondence shall be entirely private, as distinguished from your official correspondence, you nevertheless use your official letterheads?

Dr. INMAN. Yes, sir.

The CHAIRMAN. You know how it was treated generally by the press and the periodicals in the country, do you not?

Dr. INMAN. No.

The CHAIRMAN. I call your attention to an article underscored, called to my attention by the committee counsel. Do you think that article refers to this letter of yours [handing witness a marked article]?

Dr. INMAN (after examination). It probably does.

The CHAIRMAN. This is news to you, then, as contained in this article, that this letter, being sent as it was, is classed in the Literary Digest as a report put out by the board of foreign missions of the Presbyterian Church?

Dr. INMAN. I saw that in the New York Times.

The CHAIRMAN. Well, did you correct it in the New York Times?

Dr. INMAN. No, sir.

The CHAIRMAN. You took no steps in that direction?

Dr. INMAN. No, sir; I don't know whether the Presbyterian board put it out or not. I supposed that they had.

The CHAIRMAN. Do you still think that they put it out?

Dr. INMAN. The explanation that has been given to me was that the secretary gave it to the Presbyterian New Era movement.

The CHAIRMAN. What secretary?

Dr. INMAN. Dr. Halsey, with simply a statement that here are some things that we ought to do what we can to counteract. The doctor and I both were surprised when they put it out. I supposed the Presbyterian board had put it out, from what the newspapers said.

The CHAIRMAN. Do you know anything to the contrary now?

Dr. INMAN. Simply that Dr. Halsey gave it to the publicity department of the New Era movement of the Presbyterian Church, but not supposing that they would put out the letter; simply as private information. They are the ones that gave the letter to the press.

The CHAIRMAN. Then you understand that it is known that this letter was put out by the board of foreign missions of the Presbyterian Church?

Dr. INMAN. I understand it was put out by the New Era movement.

The CHAIRMAN. Let us see if we can discover who composes or constitutes, who is responsible for, the New Era movement. Who are at the head of the New Era movement?

Dr. INMAN. I am not very familiar with that. It is entirely a Presbyterian organization, but it is like the Methodist Centenary, and those other movements that represent the whole denomination?

The CHAIRMAN. Then it is your information that this letter of yours has been indorsed by the New Era movement, which is a movement fostered by the Presbyterian board?

Dr. INMAN. Fostered by the Presbyterian Church.

The CHAIRMAN. Well, fostered by the Presbyterian Church, that it has the indorsement of the New Era movement of the Presbyterian Church?

Dr. INMAN. At least they are the ones that gave it out.

The CHAIRMAN. They are the ones that gave it out and they are responsible for it, if they gave it out as a report?

Dr. INMAN. I should say they are responsible for it; yes.

The CHAIRMAN. Then, if there is any responsibility for the furthering of this report at all, so far as the press is concerned, it is up to the Presbyterian board or the Presbyterian Church and the New Era movement in that church?

Dr. INMAN. Well, that is the way it went out to the press.

The CHAIRMAN. I am asking you a question. You say you are not responsible for it getting out, that you did not indorse it except as a private piece of information. Then if it is indorsed by anyone at all, or it goes out with any force—because you did not even write it in your official capacity and did not indorse it in your official capacity—if it has any official sanction at all, it is that of the Presbyterian Church, through its New Era movement?

Dr. INMAN. I am willing for you to make your interpretation of that.

The CHAIRMAN. I am asking you what the facts are. I know nothing about it.

Dr. INMAN. Well, neither do I. I do not know just where the responsibility would lie there.

The CHAIRMAN. At least you yourself are willing—although this was a private letter, not intended for publication, not submitted to any of your associates who were charged with directing the policy of the work in which you were engaged, purely a private personal communication of your own—you were willing to see it held out to the public in the New York Times and other papers, and similar articles to this, which you have just read in the Literary Digest of August 30, as a report of the board of foreign missions of the Presbyterian Church; you are willing to have that go out and not correct it, here or anywhere else?

Dr. INMAN. I do not think it is my business to correct it; no.

The CHAIRMAN. You were speaking yesterday of propaganda. I have here Collier's Magazine of September 13, with an article, "The Mexican Muddle," by William Slavens McNutt. Will you glance over that article and give us your opinion of it?

Dr. INMAN (after examining the article). I would not accept this statement.

The CHAIRMAN. Will you turn over and look at it further? That article is quite a lengthy one, and there are some portions of it marked.

Dr. INMAN (after further examination). I certainly would not agree with that, Mr. Senator.

The CHAIRMAN. Well, why would you not agree with it, Doctor?

Dr. INMAN. Because I do not believe the statements that he makes there. For instance:

A Carranzista, you see, is a Mexican temporarily soldiering under the banner of Carranza.

I have too many friends like Gen. Gregorian Osuna, whom I know are perfectly loyal and as disinterested men as there are anywhere, who are giving themselves to that cause because they believe in it.

Then this statement here:

Carranza can not travel in his own country; does not dare move outside of Mexico City.

He took quite an extensive trip recently through Mexico, and he goes out of Mexico City very often; travels wherever he cares to.

The CHAIRMAN. In any particular direction?

Dr. INMAN. Why, this last trip, as I remember, was over toward Alisto. The trip before that was in what has been the disturbed region of Morales.

The CHAIRMAN. Does he travel under guard or not?

Dr. INMAN. I suppose he has a military train go before him. Most all the passenger trains have in Mexico at the present time.

The CHAIRMAN. And there are soldiers on the train with him?

Dr. INMAN. I suppose so.

The CHAIRMAN. And there is a military train with him?

Dr. INMAN. It may be; I don't know about that.

The CHAIRMAN. As a matter of fact, you know that he never travels without troops with him outside the City of Mexico, do you not?

Dr. INMAN. I should judge that that is so; yes, sir.

The CHAIRMAN. Well, you know it, do you not?

Dr. INMAN. Not that I have any proofs of it at all. I don't remember any statements whatever—

The CHAIRMAN. If you have no proofs of it, how can you deny Mr. McNutt's statement?

Dr. INMAN. I said I did not believe it.

The CHAIRMAN. But you do believe that Carranza can travel with an army train in front of him and with troops on his own train and possibly a train of troops coming along behind him?

Dr. INMAN. Well, I know he did make a trip last spring.

The CHAIRMAN. You know that of your own knowledge, do you?

Dr. INMAN. Yes, sir.

The CHAIRMAN. Do you know how he made it, of your own knowledge?

Dr. INMAN. No; I do not.

The CHAIRMAN. You do not?

Dr. INMAN. I do not recall. I simply know it through the press. It was reported quite extensively.

The CHAIRMAN. Well, you were not interested in giving information down there, Doctor, further than what you saw in the press, are you? Is that the idea? Nearly everything you have testified to here, you have referred back to the press or some newspaper clipping. Is that the source of your information with reference to Latin-American affairs generally? Do you depend on the press for your information with reference to Latin-American affairs generally?

Dr. INMAN. The press, and books that I read and when I travel over the country, of course, investigations that I make.

The CHAIRMAN. Now, when did you make your last trip into Mexico?

Dr. INMAN. I went the latter part of January and came back in March.

The CHAIRMAN. Where did you go into Mexico?

Dr. INMAN. I went into Mexico at Laredo.

The CHAIRMAN. From Laredo where did you go?

Dr. INMAN. Down through Monterey and Saltillo, San Luis, Aguas Calientes, Zacatecas, Mexico City, back to Saltillo, and Piedras Negras.

The CHAIRMAN. How long did you stop at the different places? Did you make stops at the different places?

Dr. INMAN. Ordinarily, three or four days.

The CHAIRMAN. What was your business?

Dr. INMAN. I was going down to arrange a conference with the missionary societies at the City of Mexico, to which I have already made reference.

The CHAIRMAN. Yes. And in doing so, did you stop for the purpose of consultation with those who were to attend the conference, or for what purpose?

Dr. INMAN. The purpose of either gathering information about the conference or consultation. There was a party along with me of missionary secretaries and missionaries, and all of the parties stopped at these various cities I have mentioned.

The CHAIRMAN. You stopped at the cities?

Dr. INMAN. Yes, sir.

The CHAIRMAN. Everyone of those cities has a garrison of Carranza soldiers, has it not?

Dr. INMAN. Yes, sir.

The CHAIRMAN. All of them. Is the railroad guarded—the railroad upon which you traveled?

Dr. INMAN. I think practically all of the trains have military trains go in front of them.

The CHAIRMAN. Your train had a military train and troops preceding it?

Dr. INMAN. Yes, sir; or some times soldiers on the cars in front.

The CHAIRMAN. You didn't mention that in your report you have given publicity to in this country, did you?

Dr. INMAN. Yes, sir.

The CHAIRMAN. Did you mention it in your book?

Dr. INMAN. No, sir; I don't think I did; but I have stated that, Mr. Chairman, right in my addresses, right straight along. I have always said it.

The CHAIRMAN. That you traveled with a military train in front of you?

Dr. INMAN. Yes, sir; I stated it very often.

The CHAIRMAN. Your audiences never placed any significance upon that when you were telling them about the good order and the good Carranza government in Mexico?

Dr. INMAN. Well, Senator, I never claimed there was order such as did not need any military discipline whatever, or did not need military trains. I have tried to keep away from claiming that there

were perfect conditions in Mexico. I said yesterday, I don't believe that. Conditions are torn up.

The CHAIRMAN. Doctor, did you take your associates, or by yourself did you leave the towns and go out into the country districts any distance from the railroads on that trip?

Dr. INMAN. I think only in San Luis did we make a trip of any distance on the outside.

The CHAIRMAN. Did you meet the Cedillos brothers at San Luis?

Dr. INMAN. No, sir.

The CHAIRMAN. You know who they are? Did you ever hear of them?

Dr. INMAN. The name sounds familiar, but I can't recall just who they are.

The CHAIRMAN. How far out from San Luis did you go?

Dr. INMAN. Oh, only something like 20 miles.

The CHAIRMAN. In one direction?

Dr. INMAN. Yes, sir.

The CHAIRMAN. And returned?

Dr. INMAN. And returned.

The CHAIRMAN. Did you have any troops with you?

Dr. INMAN. No, sir.

The CHAIRMAN. Did you see any troops on the road?

Dr. INMAN. No, sir.

The CHAIRMAN. You did not see any bandits?

Dr. INMAN. No, sir.

The CHAIRMAN. Which direction did you go, Doctor?

Dr. INMAN. I went out east of San Luis. I went out to a mine where some Americans were out there. In fact, I did not go out on that trip, as I remember now. Some of the other parties went out there, and I stayed in San Luis and did some investigating.

The CHAIRMAN. During the course of your investigations did you inquire as to peace and quiet and order in the State of San Luis Potosi?

Dr. INMAN. Not particularly. Of course, while we were there, there was a raid on Catorces.

The CHAIRMAN. How far is that from the capital of San Luis Potosi?

Dr. INMAN. I should think that is 60 or 80 miles above San Luis.

The CHAIRMAN. Do you know who led that raid?

Dr. INMAN. No, sir; I don't know who it was.

The CHAIRMAN. You do not know any of the so-called bandit leaders in Mexico at all?

Dr. INMAN. Not personally.

The CHAIRMAN. But the name of Cedillos brothers is a little familiar to you?

Dr. INMAN. Yes, sir; that is a little familiar to me.

The CHAIRMAN. Did you hear it in San Luis Potosi?

Dr. INMAN. They may have been the ones that went into Catorce, but I don't remember about that.

The CHAIRMAN. You didn't hear of any fraternizing between the Carranza so-called troops and the bandit so-called soldiers, or raiders, or bandits, did you, in San Luis Potosi?

Dr. INMAN. No, sir.

The CHAIRMAN. Or anywhere else in Mexico?



Dr. INMAN. Well, I heard, of course, of those things. Those were alleged by different people and quite often in the press.

The CHAIRMAN. Well, you saw it in the press and you heard it from different people?

Dr. INMAN. That was the general impression I had. I suppose I must have heard it in that way. It has been about six months ago.

The CHAIRMAN. Now, referring back to this article on the Mexican muddle, of course, you have not read it thoroughly, but you disagree with some of the statements contained in it, two of which you pointed out. What would you call that article, or such articles as that, where they occur, as they do, in the papers. What do you think is the purpose of it?

Dr. INMAN. Well, I don't know. Of course I suppose this man wants to present the side of it as he sees it.

The CHAIRMAN. Which side of it?

Dr. INMAN. A very dark side.

The CHAIRMAN. What would you judge from the reading of the article as to its purpose?

Dr. INMAN. To present the situation in Mexico as he sees it.

The CHAIRMAN. As he sees it?

Dr. INMAN. Yes, sir.

The CHAIRMAN. You would not call it propaganda for intervention?

Dr. INMAN. I think articles of that kind, of course, tend to make the people of the United States feel that intervention is necessary.

The CHAIRMAN. And it is articles of that kind that you criticize as being articles intended to bring about armed intervention in Mexico?

Dr. INMAN. I think such articles will lead the people of the United States to believe in the necessity of armed intervention as the only solution.

The CHAIRMAN. Do you think that was the purpose of the article?

Dr. INMAN. I don't know. I don't know the author or anything about him. He may have been simply presenting his side of the question, and he has a perfect right to do it.

The CHAIRMAN. Is that in line with what you are calling or denouncing in your literature as intervention propaganda, which you must offset, which your church organization must offset?

Dr. INMAN. Well, the direct intervention propaganda, of course, is the particular thing.

The CHAIRMAN. Well, what is that? Outside of the one article from a man named McDonald in the San Francisco paper, what else have you in line with any intervention propaganda?

Dr. INMAN. Well, Mr. Chairman, I can bring you any amount of clippings you want from papers advocating intervention in Mexico.

The CHAIRMAN. You are advocating intervention in Mexico yourself, are you not?

Dr. INMAN. I mean armed intervention.

The CHAIRMAN. What do you understand as to the difference between armed intervention and a war with Mexico?

Dr. INMAN. I think there would be very little difference.

The CHAIRMAN. Then, you do not agree with Dr. Cannon that this country should hold off until some occasion for war arises, and then should make war on Mexico?

Dr. INMAN. If there is a real occasion for war, yes; we ought to make war.

The CHAIRMAN. Then, you are willing to let things drag along as they are, with your efforts in educating the people, with the hope that war will be avoided? That is your purpose, is it?

Dr. INMAN. Mr. Chairman, I would not say "drag along." I believe that we ought to do everything we can.

The CHAIRMAN. What ought we to do? That is exactly what we are trying to get at. What ought the American people to do with reference to the Mexican people or Mexico?

Dr. INMAN. Well, in the first place, of course, I go back to my work.

The CHAIRMAN. Sure. They should all read your book first?

Dr. INMAN. I don't mean my book. My book seems to trouble you, Senator.

The CHAIRMAN. Well, Doctor, I will say very frankly that the only trouble I have with it is that it does not, as you have stated, state the facts with reference to Mexico. You entirely ignore the history of Mexico, and you do not, I think, state the facts with reference to Mexico. For instance, you do not state that on the trips you referred to in your book that you were preceded, with your missionaries, by an armed military train. You do not refer to that at all. Apparently, and so far as your book is concerned, everything was quiet and serene, and you made that trip without possible appearance even of danger. You do not refer to any armed military trains.

Dr. INMAN. May I see a copy of the book?

The CHAIRMAN. Yes, sir.

Dr. INMAN. I will show you that I do refer to those conditions.

The CHAIRMAN. That particular book we have digested, and if you have another copy you can use that.

Dr. INMAN. I left you a copy here yesterday.

The CHAIRMAN. I don't know where the other one is now. While you are looking for the passage, I asked you yesterday some questions with reference to conditions on the west coast, and called your attention to a paper, which, of course, as you know, would not be allowed to be published unless it was a friendly paper, in Guaymas, Sonora, referring to a raid of Yaquis into Guaymas, and asked you some questions about that city and the civilization there. You were comparing the civilization there with the civilization here, and seemed not to understand anything about the history of the settlements. You seemed to think that Guaymas was in the Yaqui country.

Dr. INMAN. Here is one passage in my book.

Senator BRANDEGEE. What page is it on?

Dr. INMAN. Page 175:

The Americans recognized as the worst element in the situation the graft of the lesser Government officials, and especially among the numerous generals of the army and the army organization in their dealings with the people. They are willing to admit that it has probably been impossible for President Carranza to weed out this unsatisfactory element because of the probability of their turning against him, in which case he would lose more ground than he would gain.

There is one place where I point out the graft and cite an editorial which is criticizing very strongly these generals.

The CHAIRMAN. Do you cite any particular instances of graft by Carranza or any of his associates or generals?

Dr. INMAN. No, sir; I do not cite any particular instances.

The CHAIRMAN. But you do when you refer to the Diaz administration, do you not?

Dr. INMAN. Yes, sir.

Senator BRANDEGEE. You do not cite these instances of graft among the subordinate officers or the generals of the army as indicating anything about the danger of travel without military protection, do you?

Dr. INMAN. No, sir.

Senator BRANDEGEE. That was the question the Senator asked you, and you said in your book you did refer to that.

Dr. INMAN. Well, I referred to the abuse of the military.

Senator BRANDEGEE. No; that is not what he asked you. He asked you about it being necessary to have armed protection in order to travel. Do you say anything in your book about that?

Dr. INMAN. I don't think I say anything in my book about that. As I say, I have said it in addresses many times.

The CHAIRMAN. So, that in so far as your book is concerned, with reference to this meeting of your missionaries in the City of Mexico, you stated yesterday that this meeting of missionaries was held by missionaries coming in from all parts of the republic, and you stated nothing at that time about the necessity of your missionary train being guarded or preceded by a military train, and you say nothing about it in your book.

Dr. INMAN. That was a resolution, Senator, adopted by all of the conference.

The CHAIRMAN. What?

Dr. INMAN. I read a resolution yesterday, explaining how the various people had come in. That was the resolution of the conference and not my own personal work.

The CHAIRMAN. You adopted it, I presume?

Dr. INMAN. Yes, sir.

The CHAIRMAN. You read it in and stated it for what it was worth?

Dr. INMAN. Certainly.

The CHAIRMAN. But you did not state in connection with that, or in connection with your testimony, that it was necessary that you be preceded by an armed train to enable you to get to that conference?

Dr. INMAN. No, sir. There are a good many other things we didn't state in there, because necessarily those things have to be condensed.

Senator BRANDEGEE. Was not the statement at this conference of missionaries assembled in the City of Mexico, from all the points from which they started, given for the purpose of showing that it was safe to travel through Mexico from all these different points to the capital? In fact, did those delegates or clergymen that attended the conference in Mexico City have armed guards to protect them, either in the case of armored trains in advance or in the rear, or any other sort of military protection?

Dr. INMAN. I have already stated that the train I traveled on did.

Senator BRANDEGEE. Do you know what the fact was about the other trains?

Dr. INMAN. No, sir. I suppose it was the same.

Senator BRANDEGEE. You suppose they all had military protection in order to get to the capital?

Dr. INMAN. I suppose so.

The CHAIRMAN. Now, Doctor, in regard to this resolution and in connection with it, the resolution itself which you read stated they had arrived there without any trouble, without any "untoward event."

Dr. INMAN. Untoward event.

The CHAIRMAN. And still you are entirely silent upon the fact that in your travel without any "untoward event" it was necessary to have your military escort? You did not mention the military escort?

Dr. INMAN. No, sir; I did not mention any military escort.

Senator BRANDEGEE. Do you not consider it to be an "untoward event" that men have to be protected by armed forces to travel from one point to another?

Dr. INMAN. It did not seem the conference considered that. That has been customary a long time in Mexico.

Senator BRANDEGEE. You mean you got so used to danger you did not think anything about it?

Dr. INMAN. They did not think anything about it.

Senator BRANDEGEE. And that you considered to be an improved condition of the country?

Dr. INMAN. At least an improved condition of the people as to travel.

Senator BRANDEGEE. That is, they were improved because they dared to travel?

Dr. INMAN. They were not so nervous, anyway.

Senator BRANDEGEE. Have we got to go across the border, Senator?

The CHAIRMAN. If we do we will certainly ask for an armed train.

Senator BRANDEGEE. We have only two majority in the Senate.

The CHAIRMAN. I think we will stay away. Doctor, did you talk to the people who went in El Paso to attend that conference?

Dr. INMAN. Yes, sir.

The CHAIRMAN. Did they go straight through on the railroad, the Mexican Central Railroad, from El Paso to the City of Mexico without any stop?

Dr. INMAN. No, sir; they stopped right along. They were up there about three or four weeks.

The CHAIRMAN. What were they doing?

Dr. INMAN. Studying the missionary territory.

The CHAIRMAN. But trains were running right along in January and February. There were no breaks on the railroads at all?

Dr. INMAN. They came down all right from the border.

The CHAIRMAN. Yes; but how about the country around Parral, just off the road, off the Mexican Central by way of Jimenez?

Dr. INMAN. They take and retake that city, of course, so that it is pretty hard to tell who has got it.

The CHAIRMAN. In taking it and retaking it, do you know enough about the geography to know whether they have to cross the Mexican Central Railroad?

Dr. INMAN. I should think that would depend on where they come from.

The CHAIRMAN. Well, suppose that they came from Villa, who is the gentleman who has taken the town repeatedly recently, and most recently, would they cross the Mexican Central to get to it or not? Do you know where they are? Do you know anything about the conditions generally there in Mexico or about the geography of Mexico?

Dr. INMAN. I know a little bit about the geography of Mexico.

The CHAIRMAN. Very well. You have heard of Villa? You mention him in this letter?

Dr. INMAN. Yes, sir.

The CHAIRMAN. Do you know whether, in taking Parral, from his rendezvous he would cross the Mexican Central Railroad or not?

Dr. INMAN. He changes his rendezvous pretty often, Mr. Chairman.

The CHAIRMAN. Well, possibly you are more familiar with him than I am. Do you not know that every time Parral has been taken, or any town has been taken in that vicinity, or within 50 miles of the Mexican Central Railroad, or any other railroad, that the road is invariably torn up?

Dr. INMAN. That the main line is?

The CHAIRMAN. Yes.

Dr. INMAN. No, sir; I do not know that.

The CHAIRMAN. They just leave it open behind them, so that the Carranza garrison from the nearby towns can close up on their rear, do they?

Dr. INMAN. Parral is not on the main line.

The CHAIRMAN. I am aware of that fact. Do you know where Jiminez is?

Dr. INMAN. Yes, sir.

The CHAIRMAN. You know where Torreon is?

Dr. INMAN. Yes, sir.

The CHAIRMAN. Do you know anything about the general peace, order, and quiet in the country around any of the capitals or any of the towns you have mentioned?

Dr. INMAN. Well, things seemed to be pretty quiet around Monterey, for example, and around Saltillo. I don't think there was any disturbance in Coahuila.

The CHAIRMAN. Since when. You are speaking of the trip you made down there?

Dr. INMAN. I knew of none at that time, and do not know of any at the present time.

The CHAIRMAN. What significance, if any, do you place upon the recent proclamation of General Zuazua that he has restored order in those places?

Dr. INMAN. I did not see that.

The CHAIRMAN. Did you not?

Dr. INMAN. No, sir.

The CHAIRMAN. It was given out; came through the consul on the order and given out through the State Department and published by the Associated Press and in the papers.

Dr. INMAN. I have been out of the country for some few months after I went to Mexico, so there were a good many things that I did not read.

The CHAIRMAN. Then when you were writing your letters and seeking to influence the United States through your boards, and so forth, against armed intervention, conducting your propaganda which you were called upon to conduct, your riot calls, you had reference to such propaganda as you have mentioned and such articles as this McNutt article in Collier's Weekly, and similar statements with reference to Mexico and the conditions in Mexico, did you?

Dr. INMAN. Of course, I have no reference to that, because I had not seen it until you showed it to me.

The CHAIRMAN. Well, you have read it now. Is that along the line of the propaganda you are talking about?

Dr. INMAN. No; it is not the direct propaganda for intervention which is carried on in many different parts of the country.

The CHAIRMAN. Have you read it all?

Dr. INMAN. No, sir; I simply read those underscored parts.

The CHAIRMAN. You are familiar with the newspaper propaganda in Mexico, are you?

Dr. INMAN. In Mexico?

The CHAIRMAN. Yes, sir.

Dr. INMAN. Well, I am familiar somewhat with the newspapers down there.

The CHAIRMAN. You are?

Dr. INMAN. Yes, sir.

The CHAIRMAN. You refer to the newspapers down there being friendly to the United States, do you not, in your testimony?

Dr. INMAN. Yes, sir.

The CHAIRMAN. Will you mention the names of those papers?

Dr. INMAN. Well, El Universal.

The CHAIRMAN. Who is the editor of El Universal, Palavicini?

Dr. INMAN. Yes, sir. And El Excelsior.

The CHAIRMAN. Since when have they been friendly to the United States and the Americans?

Dr. INMAN. I think Mr. Palavicini has always been friendly to the United States.

The CHAIRMAN. Do you know when Mr. Palavicini left the city of Mexico?

Dr. INMAN. I think some time last year.

The CHAIRMAN. Do you recall why he left the City of Mexico?

Dr. INMAN. I have heard one or two different stories about that.

The CHAIRMAN. Let us have one of them.

Dr. INMAN. Well, one of them was he was criticizing very fiercely Gen. Obregon and Gonzales, and the military element.

The CHAIRMAN. Why? What was his criticism?

Dr. INMAN. I don't remember the details; but I take it that it was simply along the line that the military was taking too much authority and the civil powers ought to displace them.

The CHAIRMAN. Yes, sir. Now, what was one of the other stories?

Dr. INMAN. The other one was that there was pro-German influence in the Mexican Government that compelled him to leave the country.

The CHAIRMAN. The story was that El Universal was pro-Ally and pro-American?

Dr. INMAN. Yes, sir.

The CHAIRMAN. And that the other papers in Mexico were pro-German and anti-American, and that Palavicini was compelled to leave Mexico himself?

Dr. INMAN. Well, some of them were pro-German.

The CHAIRMAN. I am asking you about the story. You said there were two or three stories about Palavicini leaving Mexico. I asked you since when have these other papers become pro-American?

Dr. INMAN. I think it is largely since the war.

The CHAIRMAN. Exactly. Since the armistice in November is it not?

Dr. INMAN. I think I stated that yesterday.

The CHAIRMAN. I did not recall that you did, because it made an impression on me and I intended to ask you the question this morning, and for that reason I am asking it now.

Senator BRANDEGEE. Did you regard these criticisms contained in *El Universale* on the army as being justified?

Dr. INMAN. I never saw those criticisms.

Senator BRANDEGEE. Do you regard the article by Mr. McNutt, in *Collier's Weekly*, which has been referred to here, as presenting a fair picture of conditions in Mexico?

Dr. INMAN. No, sir.

Senator BRANDEGEE. You think the disorder represented in the article is exaggerated?

Dr. INMAN. I think so.

Senator BRANDEGEE. You think it is a false picture, generally speaking?

Dr. INMAN. I think it misrepresents conditions.

Senator BRANDEGEE. Then it is false, of course. It is an untrue picture of conditions in your opinion?

Dr. INMAN. In my opinion, yes, sir.

The CHAIRMAN. Do you know of Mueller brothers in the City of Mexico?

Dr. INMAN. Yes, sir; only by reputation as to their business.

The CHAIRMAN. What is that business?

Dr. INMAN. As I remember, they advertise safes.

The CHAIRMAN. Do you know whether they published a paper in Spanish during the war?

Dr. INMAN. No, sir, I do not.

The CHAIRMAN. You do not?

Dr. INMAN. No, sir.

The CHAIRMAN. You do not know that there were two papers published in Spanish during the war and scattered all over Mexico, sent out to the retail merchants, to be given out to their purchasers, free? You did not know anything about that?

Dr. INMAN. No, sir.

The CHAIRMAN. You do know that these papers were pro-German and published by the Germans in the Spanish language and sent out throughout the outlying districts of Mexico—

Dr. INMAN. I do not know about those two particularly. I think one is called *Sinalambrica*.

The CHAIRMAN. Well, what about that?

Dr. INMAN. It was extremely pro-German, and it was published by the Germans, as I understood it, to effect sentiment in Mexico.

The CHAIRMAN. How was that circulated, Doctor?

Dr. INMAN. I saw copies in Mexico City, and I think at other cities, too. I guess it was pretty generally circulated.

The CHAIRMAN. Now, as a matter of fact, with reference to the criticisms against Gonzales and Obregon, that you referred to a moment ago, those criticisms appeared in the *Heraldo*, rather than in the *El Universal*, did they not?

Dr. INMAN. Do you mean recently? I was referring to——

The CHAIRMAN (interrupting). At any time.

Dr. INMAN (continuing). I was referring to the time when Palavicini left the city——

The CHAIRMAN (interrupting). Why was it that Palavicini had criticized Gonzales and Obregon and the military?

Dr. INMAN. I suppose it was because he thought that it was time for Mexico to go into a civil form of government instead of the military. It was just like the papers are criticizing the military all the time. It seems to me that that is one of the best signs of at least a promise of a democratic form of government, because the papers are allowed to criticize the military in that way. In the old days they were not allowed to criticize. This article by Palavicini would not have been allowed in the time of Diaz or, say, in the A. B. C days, and it most notoriously opposed Carranza all the time, and yet it was not suppressed, and at the same time it is one of the things that show that the Carranza government has a real endeavor to have a free press.

The CHAIRMAN. I read you the constitution of Mexico yesterday with reference to a free press, did I not, the part with reference to such propaganda as this down there——

Dr. INMAN. Well——

The CHAIRMAN (interrupting). Do you call that free press?

Dr. INMAN. Whether theoretically it is or not, practically it is, because our church papers files certainly will show that they have been going after the authorities hot and heavy.

The CHAIRMAN. This is, in your judgment, a constitutional protection of a free press? I will read article 130:

No periodical publication which either by reason of its program, its title, or merely by its general tendencies, is of a religious character shall comment upon any political affairs of the nation or publish any information regarding the acts of the authorities of the country or of private individuals in so far as the latter have to do with public affairs.

That is the constitutional protection for free-press guaranties, according to your judgment?

Dr. INMAN. No, sir; I do not approve of them, and I do not think that the principal people of Mexico do either, therefore it has never been enacted into a statute at all, and President Carranza, as the executive in Mexico, has suggested changes in the constitution which will do away with all of those various piccolos against the church.

The CHAIRMAN. You know that of your own knowledge, do you?

Dr. INMAN. Yes, sir.

The CHAIRMAN. Have you ever had any conversation with Carranza on that subject?

Dr. INMAN. Yes, sir; I have had quite a conversation with Carranza on that subject.



The CHAIRMAN. What was the trend of that conversation?

Dr. INMAN. Well, the trend of the conversation was that the Mexican Government was glad to have missionary work in Mexico, American missionaries, and those constitutional provisions were not intended at all to limit our work, and that as soon as it seemed to be the proper time, he, himself, expected to make suggestions to the National Congress for their change, and in the meantime we should go right ahead with our work.

The CHAIRMAN. Exactly as you are?

Dr. INMAN. Exactly as we are.

The CHAIRMAN. Now, what are the Catholics doing there? Are they going ahead with their work?

Dr. INMAN. Yes, sir.

The CHAIRMAN. In the same way?

Dr. INMAN. Yes, sir.

The CHAIRMAN. And with the same freedom?

Dr. INMAN. Yes.

The CHAIRMAN. You know that of your own knowledge, do you?

Dr. INMAN. Yes, sir.

The CHAIRMAN. And no special inducements were ever offered to you at all there——

Dr. INMAN (interrupting). No, sir.

The CHAIRMAN. And it is simply through gratitude for that that you are now carrying out the pro-Carranza propaganda——

Dr. INMAN. No, sir.

The CHAIRMAN. Well, why are you?

Dr. INMAN. Simply because I believe that the American people ought to know the conditions in Mexico.

The CHAIRMAN. And you are giving them to the American people, are you?

Dr. INMAN. Yes, sir; as I see them; and I think it is my duty as one American to do my part in letting the people know the conditions as I see them.

The CHAIRMAN. And you are doing that conscientiously, of course?

Dr. INMAN. I certainly am, of course.

The CHAIRMAN. But you do not tell the American people about it being necessary for armed troops to be in front of the trains going to Mexico?

Dr. INMAN. I did.

The CHAIRMAN. But you have not done it in your book.

Dr. INMAN. I grant that; that I have not in the book.

The CHAIRMAN. And you do not say——

Dr. INMAN. I do not say that in my book; no, sir.

The CHAIRMAN. Well, if you did not in your book, where did you tell them?

Dr. INMAN. I told them in public addresses.

The CHAIRMAN. In more than one public address?

Dr. INMAN. Yes, sir.

The CHAIRMAN. Well, where; what place?

Dr. INMAN. It is one of the principal parts of my regular addresses on Mexico.

The CHAIRMAN. Have you a copy of that address?

Dr. INMAN. No, sir.

The CHAIRMAN. Have you written that public address on Mexico out—

Dr. INMAN (interrupting). I do not recall that I have. I might find it in some of my public statements—that statement.

The CHAIRMAN. With reference to this article 130, of the constitution of Mexico, I note that there is no trial by jury to be granted “for infraction of any of the preceding provisions.” Did Mr. Carranza tell you that that was revised?

Dr. INMAN. No reference was made to that particular part of it.

Senator BRANDEGEE. When Carranza told you that it was not the intention of article 130 to interfere with your work, did he say what the intention of the article was?

Dr. INMAN. Why, as I said yesterday, my understanding of that, in a general way, was that personally he was not in favor of that article.

Senator BRANDEGEE. You say that it was not the intention of that article to interfere with your work. What was the intention of that article? Whose intention did that article represent?

Dr. INMAN. The Government; his, as representing the Government.

Senator BRANDEGEE. The Government is not superior to the constitution, is it?

Dr. INMAN. It is until the constitutionary principles are enacted into statutes.

Senator BRANDEGEE. The executive is not superior to the constitution, whether the statute has been passed or not; whose intention did you understand Carranza to be expressing when he said that the intention of that article was not to interfere with your work?

Dr. INMAN. The Government's.

Senator BRANDEGEE. Do you mean Carranza?

Dr. INMAN. Carranza, and naturally his cabinet and those—

Senator BRANDEGEE (interrupting). He did not contend or claim that the clear intent of the article was any different from what it states, did he?

Dr. INMAN. He did not go into that matter. He said simply that I need not fear; that they did not expect for us to change our policies at all; that they recognized the constitution of the American protestant missionary forces, and advised us to go right ahead.

Senator BRANDEGEE. That means, in spite of the clear prohibition of the constitution of Mexico against what you were doing, he advised you to go ahead and do it?

Dr. INMAN. At the time, of course—

Senator BRANDEGEE. That is the time I am speaking of.

Dr. INMAN. The constitution had not been passed—

Senator BRANDEGEE (interrupting). I say, that in spite of these articles of the constitution prohibiting you and your papers from commenting on the acts of the Government and criticizing them, he told you to go ahead without interference from him—

Dr. INMAN (interposing). I do not remember that Carranza referred to that article particularly, but simply said all of those articles in the constitution which seemed to prohibit our going ahead with our work.

Senator BRANDEGEE. In other words, because Carranza intended at some future time or other to have the constitution changed, he told

you to go ahead and you would not be interfered with in your work, did he?

Dr. INMAN. Yes, sir.

Senator BRANDEGEE. No matter what articles there were in the constitution?

Dr. INMAN. Yes.

Senator BRANDEGEE. That is all.

The CHAIRMAN. Doctor, another provision of the constitution that I presume Mr. Carranza referred to was article 3, was it not?

Dr. INMAN. Yes, sir.

The CHAIRMAN. Do you remember what article 3 is?

Dr. INMAN. It is referring to the property——

The CHAIRMAN (reading):

No religious corporation nor a minister of any religious creed shall establish or direct schools of primary instruction.

That was one of the articles that you had talked with him about that he claimed was not to be put in effect against you. What did he propose to do with that article of the constitution, do you know?

Dr. INMAN. No; I do not know.

The CHAIRMAN. I suppose that the further provision of article 130 that——

No minister of any religious creed may inherit, either on his own behalf or by means of a trustee or otherwise, any real property occupied by any association of religious propaganda or religious or charitable purposes. Ministers of religious creeds are incapable legally of inheriting by will from ministers of the same religious creed or from any private individual to whom they are not related by blood within the fourth degree.

Was that also to be suspended?

Dr. INMAN. Well, he simply made a general reference to the constitution——

The CHAIRMAN. You understood that—who were these conversations with, aside from Carranza himself?

Dr. INMAN. Well, I had a conversation with, I think, the chargé here at Washington.

The CHAIRMAN. Bonillas is the chargé.

Dr. INMAN. And he expressed the same opinion—that this was a matter of administration, and I told how that thing was brought about.

The CHAIRMAN. Yes; I know what you say here. On page 8 of your book you say:

During President Diaz's administration some American missionaries began worrying for fear they were disobeying the reform laws by holding meetings in private homes. They went to the President about it. He asked if they had been molested. They replied in the negative. "Very well, then," he said, "go ahead with your work." If they insisted on a ruling, the strict interpretation of the law would be against them. But why worry as long as the authorities did not molest them?

That incident that you refer to there occurred, did it?

Dr. INMAN. Yes, sir.

The CHAIRMAN. Now, do you happen to know that we had a treaty with Mexico by which the rights of Protestants to hold meetings in private houses were guaranteed?

Dr. INMAN. No.

The CHAIRMAN. Well, I can assure you that Don Porfirio knew it. You follow that with this statement:

In the same way when the constitution of 1917 was adopted, with still more strenuous laws controlling religious activities, Carranza officials explained to American missionaries that they should do their work as before. "Es cuestion de administracion" was the explanation, which meant that the provision was there to be invoked at any time when a religious organization began to meddle with political affairs.

Now, that is the true explanation of what you have been attempting to explain here, is it not? That is the assurance that you had from Carranza?

Dr. INMAN. That was with the chargé here, as I remember it.

The CHAIRMAN. What did Carranza tell you?

Dr. INMAN. That we must go right ahead with our work and not make any changes whatever and that we need not be alarmed or plan to withdraw our missionaries, or anything of the kind.

Senator BRANDEGEE. Who was with you at the time when you had this talk with Carranza?

Dr. INMAN. Bishop McConnell, of the Methodist Church; here in Washington I do not know who was with me; probably I was by myself.

The CHAIRMAN. But if Mr. Carranza were to die and some one else would be elected President you do not know whether this provision of the constitution would be invoked against you or not?

Dr. INMAN. No; except that there is already a change in that being considered by the congress.

The CHAIRMAN. A change of the constitution?

Dr. INMAN. Yes, sir.

The CHAIRMAN. Can you give us the information with reference to that change? What is the proposed change of the constitution?

Dr. INMAN. I have that information, which I think I can look up for you, Mr. Chairman.

The CHAIRMAN. Just state definitely what it is, as nearly as you can recall it, and I will tell you whether we want it or not.

Dr. INMAN. What I recall is that Gen. Carranza or President Carranza has sent to the national Congress a suggestion that certain articles in the constitution which referred to limitations placed on these organizations should be either changed or eliminated, so as to give entire freedom of worship in Mexico.

Senator BRANDEGEE. Do you understand that these constitutional provisions to which you have referred as prohibiting your activities, and of which you are now talking, and of which you have given us your idea—do you understand that they can be enforced against you in the absence of a statute?

Dr. INMAN. I do not understand so, Mr. Senator. I think there must be a statute in each case to interpret the constitution, and unless congress has passed a statute, or there is a presidential decree on the subject, then there is no way of enforcing the principles of the constitution.

Senator BRANDEGEE. Is it your idea that the President of Mexico, without a statute, by the issuance of a presidential decree, can carry out the provisions of the constitution?

Dr. INMAN. Well, he has been doing that.

Senator BRANDEGEE. What is the use of having a statute, then?

Dr. INMAN. This, of course, is simply the transmission of the constitution adopted in 1917, and the congress down there talk a good deal when they get together, and have a little of political bouts, etc., and they make laws rather slowly.

Senator BRANDEGEE. Do you understand that Carranza takes an oath to support the constitution of Mexico?

Dr. INMAN. I think so.

Senator BRANDEGEE. And then tells you that he will not support it against you?

Dr. INMAN. Well, if that is the way you want me to interpret it—

Senator BRANDEGEE. I just wanted to get at the facts about it, to find out whether Carranza is carrying out the constitution or something to the contrary. It seems to me to be not a very stable and correct form of government, if I understand it.

Dr. INMAN. I do not think so myself. There are many things that are—in many things I do not agree with him.

Senator BRANDEGEE. But practically you are right under his thumb when it comes to conducting your operations in Mexico?

Dr. INMAN. I suppose at any time he could stop us.

Senator BRANDEGEE. Well, you wanted to find out what sort of a position you occupied there, and you had this conversation with Carranza, and you had his personal assurance that you could stay there?

Dr. INMAN. Yes, sir.

The CHAIRMAN. All right, Doctor. I am very much obliged to you, sir.

Dr. INMAN. Well, sir, I am very much obliged to you gentlemen. May I take about five minutes or so of your time?

I have a map which I would like for you to see as illustrative of what we are trying to do down there.

The CHAIRMAN. We would be very glad to see it. However, we can not get the map in this record, so we can only look at it for the information of this committee.

Dr. INMAN. Yes. This colored map represents the division of responsibilities by the different mission boards that are now at work in Mexico. About five years ago we began to study in a more scientific way the distribution of work and how we could improve it. Therefore, at that time, for example, here in Tampico, about three large Protestant schools for girls—

The CHAIRMAN. When were they established? Just give their establishment, the dates of their establishment.

Dr. INMAN. One of them was established about 30 years ago and another one about 25 years ago, and all of them more than a quarter of a century ago.

The CHAIRMAN. They were established prior to the revolution?

Dr. INMAN. Yes, sir. We found that the States here, like Michoacan, with its city of 35,000 or 40,000, and the State of Michoacan, with 1,000,000 population, without any evangelical workers, and we found similar conditions, congestion in one part and no workers in another. The mission board came along and said that this would make a scientific distribution of their responsibilities, and change these territories, with the result now that the Presbyterian board extended their work all the way from Sonora to Yucatan, and the Methodist Church was also extending its work from the north clear

down into the south. They said, "We will vacate this State, abandoning much of our old territory, in order to see that every part of Mexico is occupied with the missionary work." This seems to me to be a very remarkable thing in missionary history; and it has been brought about within the last year. For instance, the Southern Presbyterians had their work along here [indicating on the map].

The CHAIRMAN. "Along here" does not indicate anything in this record.

Dr. INMAN. I mean Tamaulipas—and have changed their work over into Morelos and Michoacan; and the Southern Methodist board have come out of the City of Mexico and San Luis and have occupied this block of territory, the States of Nuevo Leon, Coahuila, and two others—Lower California and Sonora and—no; Sonora, Sinaloa, Nayarit, and Jalisco, is the territory of the Congregational board. They were before in Chihuahua, but they have removed from there and concentrated their affairs entirely over there [indicating on map]. The Disciples have their part in here [indicating on map], or had it, in Coahuila, and they have given up their work there in favor of the Methodists and come down to Cacapecas, San Luis, and Aguascalientes, and the Northern Presbyterians have given up their work in all parts of Mexico City and have come down here into Vera Cruz, Oaxaca, Tabasco, Chiapas, Campeche, Quintana Roo, and Yucatan; and this has been followed, not only by a program for each one of these missionary societies, but by a united program for all of them.

Before this arrangement went into effect there were some eight missionary papers that had been published, organized by the different societies. They have all been consolidated into one large paper, and all of the printing presses have been consolidated into one press, in the City of Mexico, and on that paper is prepared now to-day a very large service for Mexico. There is a plan here to have a university in the City of Mexico—not a university in our sense, properly, but probably explained by the Hampton Institute, or something of that kind—which shall train the young people for service in the industries and train them for teachers to go out into the rural districts and educate the young people to work with their hands. There is also planned a large hospital in the City of Mexico, and hospitals to be distributed in other cities. Another part of the plan includes the organizing of eight agricultural schools, one by each one of these missionary boards. We hope to be able to help immediately and quickly with the solution of the land problem.

The CHAIRMAN. Where are those schools?

Dr. INMAN. One is to be—no; one is already established in Tamaulipas and one to be in Chihuahua, and one in San Luis; one in Aguascalientes, one in Michoacan, and another in Yucatan—

The CHAIRMAN (interrupting). Are there any agricultural schools now in Mexico?

Dr. INMAN. Yes, sir; there is one carried on by the Government.

The CHAIRMAN. Where?

Dr. INMAN. In the City of Mexico.

The CHAIRMAN. Is that the only one?

Dr. INMAN. That is the only one I know of, except, of course, the mission work, like the Friends, have a couple of farms here.

The CHAIRMAN. I mean public agricultural schools or colleges, governmental or city or municipal.

Dr. INMAN. I only know of that one near the City of Mexico.

The CHAIRMAN. I thought there were two in the State of Chihuahua?

Dr. INMAN. We will have these agricultural schools in which each one of the centers, and in each one of the centers we plan for some kind of a trade school and a social center where the people of Mexico will be able to learn trades and at the same time be able to have a place to come together and to discuss their civic and social and political problems, carrying out the thing there that has done so much for our democracy here, where we have been able to come together in the old town hall meetings and discuss things. There are no places for such discussion in Mexico, and the mission boards are interested in that kind of service in those communities, and then of course we have our directly evangelistic work with these various churches in all parts of Mexico. The program of cooperation as outlined in the map shows a university in the City of Mexico, a hospital in the City of Mexico, and these agricultural schools in as many different centers of the Republic, a school of mechanical arts in each industrial center, normal schools in such districts as do not yet possess them, and the strengthening of those already existing, and the development of the Union Theological Seminary already existing in Mexico City, and it shows how far has been the contribution to the evangelical institutions in Mexico, and we have trained large numbers of young men and women—a large number of young women and some young men—to go into the Government education schools, and we have been received not only gladly, but we have been told that they would take just as many of those teachers as we could spare. That is one of the checks to the education of Mexico, trained teachers. There will be the development of the Union Theological Seminary already existing in Mexico City. Two years ago we began the Union Theological Seminary at the City of Mexico, and the first five students who applied were members of five different denominations.

The CHAIRMAN. What were they?

Dr. INMAN. Congregationalist and Methodist, north and south, and the Friends, and a Presbyterian.

The CHAIRMAN. And do you cooperate with the Catholic Church?

Dr. INMAN. Not in any direct organization, at these times which I have been speaking of. We gladly cooperate, or would gladly cooperate with them in such movements as temperance or civic organizations caring for the distressed, or anything of that kind. But I may say, Mr. Chairman, that our object in this program is, we trust, not simply to convert Mexican people to our own doctrine—

The CHAIRMAN (interrupting). You say "convert them." How do you mean "convert them"?

Dr. INMAN. I mean to bring them into the church.

The CHAIRMAN. Do you mean to change them from one religion to another?

Dr. INMAN. Yes, sir.

The CHAIRMAN. What religion have they now, those whom you have been converting?

Dr. INMAN. There are a good many of them who have not any religion at all; but the people there are Catholics.

The CHAIRMAN. A large majority of the people there are Catholics?

Dr. INMAN. Yes, sir. We are laying the movement, as you will see, on the plan of service in our program and while of course we have our religious convictions, and we intend to stand by those, yet we are down there simply for the purpose of changing theological beliefs.

The CHAIRMAN. Proselyting you mean?

Dr. INMAN. Yes; and we are making every endeavor to lay the program on the ground of service, then there comes a community center or institutional church in each important center in the Republic, a union publishing house, union paper and bookstore, in the City of Mexico, and in addition to all this we have recently been establishing a campaign to popularize medical knowledge. We expect to get some of the Mexican physicians and some up from this country, and by using the moving-picture machines and slides and literature and everything of that kind, to go into the different sections and into different factories and into the various different places and place before them a campaign of hygiene which is so much needed there.

The CHAIRMAN. Do you go out into the rural districts with your work, or do you confine your institutions, whether religious or educational, to the towns?

Dr. INMAN. No; we go into the rural districts also. Then the final thing on here is a definite division of territorial responsibility so as to avoid overlapping or duplication of effort. While that may seem a very small program in attacking such a tremendous problem, yet we believe if that program which, of course, calls for the investment of several millions of dollars, if carried out, it will in a very few years largely affect the Mexican problem.

Senator BRANDEGEE. You spoke of schools and having a program as tending to the solution of the land problem. What is the land problem?

Dr. INMAN. I think that the land problem is largely the breaking up of a great landed estate which has been owned by a few people and putting the common people on the land and giving them certain tracts of land themselves to work, and therefore encourage them to work—

Senator BRANDEGEE (interrupting). How do your agricultural schools tend to a solution of the land problem?

Dr. INMAN. Well, in this way, Senator. I think that the great difficulty in Mexico is not the difficulty of land, but it is the difficulty of knowing how to cultivate that land, and if you please in teaching the people to cultivate the land and to inculcate in them the spirit of work as well as the knowledge as to how to best bring out the results from the soil.

Senator BRANDEGEE. Suppose all the people of Mexico were completely educated as tillers of the soil, just as completely educated as it is possible to educate them; how would that contribute to the solution of the land problem, the breaking up of the large ownerships and the distribution among the poorer people who have no land at the present time?



Dr. INMAN. That, of course, of itself would not, but when the people know how to till the land, they will be more capable of taking care of the land—

Senator BRANDEGEE. But I in my question have assumed that they are capable of taking care of the land, that they have received their education and you have finished educating them, that the breaking up of the large estates, whether by confiscation or purchase as a Government policy—

Dr. INMAN (interrupting). Yes.

Senator BRANDEGEE. No amount of education along this line, knowing how to plant crops and to harvest them, would help the Government to solve the problem—

Dr. INMAN (interrupting). Excepting that the Government would probably feel that it should work with the people also—simply giving a man a piece of land who does not know how to cultivate it—

Senator BRANDEGEE (interrupting). But don't you think that the people who have lived there all their lives know how to cultivate their own land?

Dr. INMAN. A great majority of them are still plowing with a forked stick, like they used to do centuries ago.

Senator BRANDEGEE. Yes; but they know that there are such things as other kinds of plows.

Dr. INMAN. In many sections they have never seen any other kind of plow.

The CHAIRMAN. What districts have you reference to now?

Dr. INMAN. Well, in the mountains of Zacatecas, for instance.

The CHAIRMAN. How much tillable land is there in the entire district of Zacatecas, Doctor?

Dr. INMAN. Well, there is a good deal of it, the way they till it there on the mountain side. They till their lands there which in other places could not be tilled.

The CHAIRMAN. Are you testifying of your own knowledge or to something that you have heard or read?

Dr. INMAN. I am testifying from general knowledge.

The CHAIRMAN. General knowledge with reference to the State of Zacatecas? Are you testifying from your own knowledge?

Dr. INMAN. That is my general impression of Zacatecas.

The CHAIRMAN. Well, I lived in Zacatecas 35 years ago, and I want to know what you know about it; have you ever been very far away from the railroad in Zacatecas?

Dr. INMAN. I must admit that I do not know anything about it, if that helps you.

Senator BRANDEGEE. What is the form of that religion "Disciples" that you refer to?

Dr. INMAN. The Christian Church—the Disciples of Christ.

Senator BRANDEGEE. Christian Science?

Dr. INMAN. No, sir.

Senator BRANDEGEE. Well, in this program that you have outlined and exhibited by the map, is there a concentrated central authority of all these denominations which proposes to govern the enterprise and raise the funds for the erection of these buildings and pay the expense of these teachers and the conducting of the enterprise after it shall have been established?

Dr. INMAN. Well, the responsibility is in the various different boards and in the committee on cooperation. They simply devise all the ways of carrying it out.

Senator BRANDEGEE. Who was to own and have the title to all of this property that you have indicated?

Dr. INMAN. Well, when it is a mission board that does it, out in the field, they own it, but when it is a union, it will be in the hands of a board of trustees appointed to take charge of the various institutions.

Senator BRANDEGEE. I do not think that you quite understand me. Is there any central body which has authority to carry out these projects after the different denominations have agreed upon the kind and the measure of their responsibility, measure of their participation, or is the title to be held by the different denominational bodies by trustees appointed by them?

Dr. INMAN. Yes, sir. Of course the property will be held, when a particular denomination furnishes the money, held as their property, and it will be held by that board, just as it is at the present time.

Senator BRANDEGEE. What provision is made to guarantee unity of action, what system of cooperation, and how is the guaranty to operate uniformly——

Dr. INMAN (interrupting). There were conferences, the first one held in the City of Mexico in February, and a conference in Cincinnati five years ago in which the board themselves appointed representatives——

Senator BRANDEGEE. Is the scheme on paper now so that anyone can get an intelligent idea of what it is?

Dr. INMAN. Yes, sir; I have——

Senator BRANDEGEE. Have you a draft of it?

Dr. INMAN. I have a pamphlet which I put in here in this envelope [indicating].

Senator BRANDEGEE. You might file it with the committee if you have an extra one.

Dr. INMAN. Yes, sir; here it is [handing same to the Chairman].

Senator BRANDEGEE. I do not mean that it is to be printed in the record, you know, but we would like to look it over.

The CHAIRMAN. All of these documents that you have in your envelope you are leaving with the committee?

Dr. INMAN. Yes, sir.

Senator BRANDEGEE. Then I will not separate it from the others.

Dr. INMAN. You said I should not leave the map?

The CHAIRMAN. Yes; you can leave it, but we cannot reproduce it in the record.

Dr. INMAN. I understand.

The CHAIRMAN. Doctor, I presume you have some person associated with you who is more familiar with the land problem than you are?

Dr. INMAN. We are asking an expert on agriculture to go down there at the present time, a man who has been at the head of an agricultural school in Brazil for many years. One of the missionaries in Brazil has just wired him to buy several hundred or several thousand head of cattle, and he has been directing a good deal of the conservation of their forces.

The CHAIRMAN. Have you ever in your investigations in Latin America had your attention called to where agriculture originated on this hemisphere? Would not that be rather an interesting subject for you?

Dr. INMAN. I think it would be very interesting.

The CHAIRMAN. Have you any idea how far back you can accurately date agriculture on this hemisphere?

Dr. INMAN. It is pretty far back.

The CHAIRMAN. Have you any idea to what time?

Dr. INMAN. The authorities that I have read so much differ on that question that I would not state it.

The CHAIRMAN. Do you know anything about the date of the Inca civilization in Peru, about what time it is supposed to have antedated the coming of the Spaniards?

Dr. INMAN. Some authorities claim—of course, the Inca himself is rather modern. I can not recall just for a minute the civilization which preceded theirs. It was certainly as much as 1,000 or maybe 2,000 years before the coming of the Spaniards.

Senator BRANDEGEE. What authorities have you read on that subject, Doctor?

Dr. INMAN. I read an article that makes large claims for the early beginnings of that in Norte Americana.

The CHAIRMAN. Who was the author of that article?

Dr. INMAN. Sir Edward Markham is probably the best authority on that whole question. He lived for 40 years in Peru and gave his whole life to the investigation. Of course, Prof. Hiram Bingham, of Yale University, has recently made some studies down there.

The CHAIRMAN. Do you know how far back the archeologists or the scientists would date the history of agriculture, any of the periods of the history of agriculture on this hemisphere and particularly on the northern continent?

Dr. INMAN. I do not know how far back the authorities would claim that that could be dated—not by centuries, but I should say 1,000 years, anyway.

The CHAIRMAN. You will find a bulletin of the Smithsonian Department which will trace it back on this continent to 100 years before Christ by accurate periods.

Dr. INMAN. You can find a good many authorities who disagree with that. Of course, there are such schools that always like to put this civilization away back, and they do. They have what they think is good authority.

The CHAIRMAN. What I was leading up to is what you know about agriculture. You are talking about teaching these people in Mexico agriculture.

Dr. INMAN. I do not know anything about agriculture.

The CHAIRMAN. Understand me, I am not only not disapproving, but I do not intend to disapprove any of your plans that you have outlined to teach modern agriculture, but you seem to proceed on the theory that those people in Mexico know nothing about agriculture.

Dr. INMAN. They do not know anything about the modern use of implements, for example. A large majority of them do not.

The CHAIRMAN. You make a general statement, now, Doctor. Have you ever been in the outlying agricultural districts in the State of Chihuahua or the State of Sonora?

Dr. INMAN. No, sir; I have not been over there.

The CHAIRMAN. I would not make that statement again, if I were in your place, without going there.

Dr. INMAN. I said a great majority of them, Senator—

The CHAIRMAN. I know you said a great majority. I am asking you about two States in the northern part of the Republic with which I happen to be familiar and have been for a great many years.

Dr. INMAN. In those two States are the majority of people familiar with modern agricultural implements and the analyses of soils?

The CHAIRMAN. I went into the heart of the Sierra Madre Mountains in 1889, where a two-wheeled vehicle had never gone, and I saw sulky riding plows around Temosachic, Nuerichic, San Buena Ventura del Valle, Las Cruces, and other places extending from Casas Grandes down into the heart of the Sierra Madres and back into the State of Chihuahua, and there is scarcely a little Mexican farm there that did not have an up-to-date American plow and instruments of agriculture.

Let me point out to you now that those same people were yet using on certain lands exactly the same methods that we are told by archeologists and others were in use 2,000 years ago. In other words, they treat their different lands differently. I can say to you that upon examination you will find, if you will send your agricultural expert there, that they know now and apply the methods of dry farming more successfully than we have developed it almost anywhere in the United States.

Dr. INMAN. You would not certainly say that was true of the majority of the Mexican people who work on the farms, would you?

The CHAIRMAN. That is a question. You use those broad terms—"the majority of people." Do you know anything about the Fuerte River on the western coast?

Dr. INMAN. Something about it.

The CHAIRMAN. You have never been there?

Dr. INMAN. No, sir.

The CHAIRMAN. Then you do not know anything from personal knowledge about it; you do not know what methods of cultivation they use?

Dr. INMAN. No, sir.

Senator BRANDEGEE. You have not any means and could not have any means to know the majority from the minority.

Dr. INMAN. Of course, in this investigation, before we go into the establishing of these schools, we will have those things.

Senator BRANDEGEE. I am not talking about what you may find out; but you say the majority of people do not know anything about modern methods of farming. You do not come in contact with the majority of people out in the Mexican districts.

Dr. INMAN. Do you not think that you can testify about what the majority of people in the United States are doing as to their farming?

Senator BRANDEGEE. No; I do not. I do not pretend to be in close touch with them. I would not assume to say what the majority of people think about anything. At every presidential election each party thinks the majority of the voters are going to be with it. They are always mistaken. I always think that a man like that has not lived long enough to know what makes a majority. I think

he is talking "through his hat" when he makes that sort of a statement.

Dr. INMAN. All right, sir.

The CHAIRMAN. Doctor, the purpose of the questioning of Senator Brandegee is not simply to criticize you, but to call attention to the fact that when broad statements, such as those that you have made, go out to the public, generally, in the United States they create pretty erroneous impressions—not intentionally, of course. You sincerely make a broad statement as to what the majority of the people may do and what you are doing for them, and you make as broad a statement with reference to agriculture, for instance.

Dr. INMAN. Mr. Chairman, you take the book, *Forjando Patria*—the author of that is certainly an authority.

The CHAIRMAN. Doctor, I will take other books and other records and show you that every bean cultivated in the United States of America, now, from the Arctic regions to the South, originated in what we call Central America, and the same with corn, tobacco, and potatoes.

Dr. INMAN. I have full knowledge of that, of course.

The CHAIRMAN. Oh, you have?

Dr. INMAN. Yes.

The CHAIRMAN. Do you know Dr. George W. Scott?

Dr. INMAN. Yes, sir.

The CHAIRMAN. Do you know what work Dr. Scott is engaged in?

Dr. INMAN. He is one of the secretaries or assistant secretary of the Presbyterian Board.

The CHAIRMAN. Do you know what particular work, if anything, he is doing now, with reference to Mexico?

Dr. INMAN. No, sir.

The CHAIRMAN. Do you know who are associated with him in his work?

Dr. INMAN. No, sir.

The CHAIRMAN. You know nothing about his work?

Dr. INMAN. I know Mr. Scott now is in the Orient. I do not know of any relationship he has with Mexican work.

The CHAIRMAN. Do you know anything about work that is being carried on by any group of Americans, any research work with reference to Mexico, the agricultural conditions and educational conditions and all the conditions in Mexico, even water-power development and work of that kind, or of a philanthropic nature that is being done in Mexico?

Dr. INMAN. No, sir.

The CHAIRMAN. You do not know anything about the connection, for instance, of Mr. Newell with such research work and reports on Mexico?

Dr. INMAN. No, sir.

The CHAIRMAN. You state in your book that a capitalist appropriated \$100,000 for assisting a group of university professors to investigate educational matters. Do you know anything about that work?

Dr. INMAN. That investigation that was made by Mr. Doheny's Foundation?

The CHAIRMAN. Mr. Edward Doheny, who is here present.

Dr. INMAN. I do not know Mr. Doheny.

The CHAIRMAN. That is the gentleman sitting by Mr. Walker. You know Mr. Walker [indicating]?

Dr. INMAN. Yes, sir. I made reference to Mr. Doheny's Foundation in the latter part of my book.

The CHAIRMAN. Do you know anything about the work of that Foundation, the lines along which it is being done?

Dr. INMAN. Except that I have talked with Prof. Cox, and he has told me about his reports on educational work. It was along those same lines that Prof. Cox suggested that we are working on.

The CHAIRMAN. Then there is some layman who suggested certain ideas that you thought were good and which you are working along?

Dr. INMAN. I do not think it was originated in that way at all.

The CHAIRMAN. You said that they were suggested to you by Dr. Cox and you know from him about the educational work which the Doheny Foundation was doing?

Dr. INMAN. Yes, sir.

The CHAIRMAN. Mr. Doheny is head of the Mexican Petroleum Co. and large oil interests in Mexico, is he not?

Dr. INMAN. Yes, sir.

The CHAIRMAN. You know that?

Dr. INMAN. Yes, sir.

The CHAIRMAN. Prof. Cox was being financed by the Doheny Foundation?

Dr. INMAN. Yes, sir.

The CHAIRMAN. You have adopted certain suggestions and have been working along those lines?

Dr. INMAN. I would not say that we had adopted those suggestions particularly.

The CHAIRMAN. You have not rejected them, have you?

Dr. INMAN. They coincide, I think, with different investigations that have been made down there, as I pointed out, in connection with the practical way of working with the hands.

The CHAIRMAN. Speaking about land problems in Mexico, do you know the great elevated plateau, averaging 6,000 to 8,000 feet in elevation, running all the way, broadly speaking, from El Paso, Tex., south through the State of Zacatecas, and traversed throughout its entire length by the Mexican Central Road?

Dr. INMAN. I have gone along there.

The CHAIRMAN. Do you know anything about agriculture along that route?

Dr. INMAN. Not personally; no, sir.

The CHAIRMAN. It is something like 800 miles or 1,000 miles in distance?

Dr. INMAN. I expect so.

The CHAIRMAN. With very much agriculture in sight?

Dr. INMAN. Not very much.

The CHAIRMAN. What do you think of dividing those lands into small lots and turning them over to the graduates of your agricultural school?

Dr. INMAN. I should not think it would work very well, unless they could put in dry farming or something of that kind.

The CHAIRMAN. Doctor, what were you doing in 1915, about the time that Mr. Carranza was recognized by this Government? Where were you?

Dr. INMAN. In 1915?

The CHAIRMAN. Yes.

Dr. INMAN. I had just come out of Mexico and established my residence in New York. I was then organizing the Panama Congress.

The CHAIRMAN. Were you favorable to the recognition of Carranza by this Government?

Dr. INMAN. Yes.

The CHAIRMAN. Do you know any other ministers or missionaries who were also favoring his recognition at that time?

Dr. INMAN. I do not recall individuals. I think there were a number of them that were in favor of it.

The CHAIRMAN. Can you mention a few who took any active part in it?

Dr. INMAN. In getting his recognition?

The CHAIRMAN. Yes.

Dr. INMAN. No.

The CHAIRMAN. And in assisting him, both before and after his recognition? You can not recall any at all?

Dr. INMAN. No, sir.

The CHAIRMAN. When did you quit your mission at Saltillo or Monterey, or wherever your headquarters were?

Dr. INMAN. In January, 1914, I left Mexico for a trip to South America. Then I came back in the fall and was there only a few weeks and then moved to New York.

The CHAIRMAN. Do you know Dr. David Starr Jordan?

Dr. INMAN. No, sir. Of course, I know of him, but I do not know him personally.

The CHAIRMAN. You do not know anything of his activities along the Mexican border?

Dr. INMAN. No, sir.

The CHAIRMAN. Or in Mexico?

Dr. INMAN. No, sir.

The CHAIRMAN. Rev. Henry Allen Tupper?

Dr. INMAN. No, sir.

The CHAIRMAN. You do not know him at all?

Dr. INMAN. I know of him, just as a public man, but I have never met him or had any connection with him.

The CHAIRMAN. You knew nothing of his activities in Mexico?

Dr. INMAN. I read some of his articles, one in the Outlook, I remember.

The CHAIRMAN. He was favoring the recognition of Carranza and the Carranza government, was he?

Dr. INMAN. That article that I remember did not discuss the Carranza recognition.

The CHAIRMAN. What Dr. Jordan or Rev. Mr. Rice, at El Paso, or any other ministers did with reference to Carranza and his recognition, favoring the Carranza government, both before and after his recognition, you paid no attention to?

Dr. INMAN. Nothing more than simply a matter of interest. I did not have any connection with it.

The CHAIRMAN. You were interested in Mexico at that time, were you not?

Dr. INMAN. Yes, sir; I say, as a matter of general interest, but I had no connection with it.

The CHAIRMAN. Do you know of any missionaries or ministers who have received any money from Carranza, either before his recognition or since?

Dr. INMAN. No, sir; I do not.

The CHAIRMAN. None at all?

Dr. INMAN. None at all.

The CHAIRMAN. For propaganda work or otherwise?

Dr. INMAN. In any way.

The CHAIRMAN. You know of none?

Dr. INMAN. I know of none.

The CHAIRMAN. Do you know where Mr. Tupper is now?

Dr. INMAN. No, sir; I do not.

The CHAIRMAN. Do you know anything about any publicity fund for propaganda work now being carried on aside from that which you engaged in in favor of Carranza in this country?

Dr. INMAN. I do not.

The CHAIRMAN. Doctor, you are familiar with Mexico and you speak Spanish. I notice among the propaganda sent out by your committee or by the League of Free Nations advance proofs from the "Oil, Paint, and Drug Reporter, New York, August 11, 1919," an article headed "The Official Mexican Side of the Petroleum Controversy," written for the Oil, Paint, and Drug Reporter by command of President Carranza by Joaquin Santaella, chief of the petroleum technical commission of Mexico, "following our request to the Mexican president for an official statement of his position in the existing petroleum dispute." Have you read that article?

Dr. INMAN. I have glanced over it.

The CHAIRMAN. With your knowledge of Mexico from 1905 down to the present time, do you think it correctly represents the Mexican situation with reference to petroleum, the laws, and so forth?

Dr. INMAN. Mr. Chairman, I have not read it carefully. I really do not know.

The CHAIRMAN. Do you allow things of that kind to be sent out by any committee with which you are connected without having read them and knowing what they are?

Dr. INMAN. Yes, sir. A great many of the things.

The CHAIRMAN. Just send them out any way they come in?

Dr. INMAN. Yes. I have not known about it—

The CHAIRMAN. You have no attorney who passes upon legal questions of any kind?

Dr. INMAN. No, sir.

The CHAIRMAN. So that you would send out a statement of this kind, coming from Carranza, as part of your propaganda work, without investigating as to whether it sets forth the law or the situation as it exists?

Dr. INMAN. I take it that that would be the responsibility of the League of Free Nations Association.

The CHAIRMAN. If they are mistaken, if Mr. Santaella is not correctly setting out the Mexican law, the responsibility of sending out incorrect things of that kind is a responsibility of the League of Free Nations?

Dr. INMAN. Yes, sir.



The CHAIRMAN. They have no attorney to whom they submit such news of that kind?

Dr. INMAN. I do not know; I do not think so. There are one or two attorneys on the committee.

The CHAIRMAN. Do you not think it is quite a responsibility for any organization to send out data or propaganda material of this character where there is a question being agitated, as you say, before the Mexican people concerning the oil interests in Mexico, unless they know that they can vouch for it that it is correct?

Dr. INMAN. I should think they ought to know something about it.

The CHAIRMAN. It is quite a responsibility, is it not?

Dr. INMAN. Yes; it is quite a responsibility.

The CHAIRMAN. Do you have any committee that passes on this propaganda at all—de Bekker's articles or any other sent out?

Dr. INMAN. No more than the people who are working in their offices there; that is all I know of.

The CHAIRMAN. No one to whom it is submitted to pass upon its correctness? Just any party at all can have material sent out by your committee, or the League of Free Nations, without its being passed upon by responsible heads?

Dr. INMAN. So far as I know, there is no check-up along that line.

The CHAIRMAN. Do you know who is paying Mr. de Bekker for his propaganda material?

Dr. INMAN. I understand he is employed now by this League of Free Nations Association.

The CHAIRMAN. Do you not suppose that an article of this kind is paid for—this that I have just called your attention to—which claims to be an exposition of the old Spanish law and of the law of Mexico from, I think, the earliest date they have mentioned here, 1793, down to the present time with reference to oil? Do you know whether that is paid for?

Dr. INMAN. I would naturally suppose that the paper pays for whatever article they get.

The CHAIRMAN. It is sent out also in another form by your committee. This interview that Mr. Santaella has sent out also is a part of your propaganda, is it not?

Dr. INMAN. I think I remember seeing it.

The CHAIRMAN. Who pays for that?

Dr. INMAN. The League of Free Nations, I suppose, pay for the printing of that article.

The CHAIRMAN. Who pays for the printing of the advance sheets?

Dr. INMAN. The League of Free Nations Association.

The CHAIRMAN. They send it out without referring it to any responsible party to ascertain the truth or falsity of the statements contained in it?

Dr. INMAN. The chairman of the executive committee, of course, is in the office all the time.

The CHAIRMAN. That is, Dr. McDonald?

Dr. INMAN. Yes, sir.

The CHAIRMAN. Then, the responsibility would be his of sending it out, if the information is not correct, would it?

Dr. INMAN. I should think that the responsibility for sending those articles out lies with the office force there of the League of Free Nations Association.

The CHAIRMAN. I will file this paper, not for printing in the record at this time.

Dr. INMAN, are you leaving this afternoon?

Dr. INMAN. I hope to, Mr. Chairman.

The CHAIRMAN. I know of no reason why we should detain you at present, but if you are not here, if you should leave this afternoon I would like to know it, so that in case something else came up I might know where to find you.

(After conferring with counsel for the committee.)

We have been informed by counsel, who has been digesting your book, that there are two or three questions that we would like to ask you, concerning statements in your book; and if you will be present at 3 o'clock we will take that matter up.

(Whereupon, at 2 o'clock p. m., the subcommittee took a recess until 3 o'clock p. m.)

#### AFTERNOON SESSION.

The subcommittee reassembled at 3 o'clock, pursuant to the taking of recess, Senator Fall presiding.

#### TESTIMONY OF DR. SAMUEL GUY INMAN—Continued.

The CHAIRMAN. The secretary of the committee informs me that you have a correction you would like to make.

Dr. INMAN. A statement with reference to the correction I made this morning, that instead of the Association for the Protection of American Rights in Mexico, which I referred to in connection with the Carrancistas' propaganda, that it was the Association of Producers of Petroleum that made that statement.

The CHAIRMAN. Who are they?

Dr. INMAN. I don't know. It was simply their signature that appeared in the Times.

Senator BRANDEGEE. What is the distinction between crude and refined petroleum?

Dr. INMAN. Simply a distinction between the names of the two organizations that I referred to.

Senator BRANDEGEE. What were the names of the two organizations?

Dr. INMAN. One was the Association for the Protection of American Rights and the other was the Association of Producers of Petroleum.

The CHAIRMAN. Mr. Ed Doheny is in both these associations, is he not?

Mr. INMAN. I don't know the organizations. I suppose that he is. I have never seen the roster of the associations.

The CHAIRMAN. That is the only correction you want to make, is it?

Dr. INMAN. Yes, sir.

The CHAIRMAN. On page 14 of your book, I notice you state:

One who will check up the number of rumors printed each week by the American press concerning dire happenings in Mexico, which a short lapse of time proves to be untrue, will be ready to question seriously what influence is directing our press.

What is your conclusion as to what influence is directing our press? What did you mean by saying that one "will be ready to question seriously what influence is directing our press"?

Dr. INMAN. Well, the question whether it is not influences which are against the Mexican Government?

The CHAIRMAN. What influences are they? Have you reference to any particular influences that are against the present Mexican Government?

Dr. INMAN. No. I simply make the statement that one would naturally question in his own mind——

The CHAIRMAN. You do not know what influences are against the present Mexican Government; you had no particular things in mind?

Dr. INMAN. No.

Senator BRANDEGEE. To what extent are what you refer to as "dire reports" about happenings in Mexico, which you say are afterwards proved to be untrue—to what extent are they afterwards proved to be untrue?

Dr. INMAN. I think to a pretty large extent.

Senator BRANDEGEE. Are they not corrected, as a general thing?

Dr. INMAN. As a general thing, they are not corrected; but if they are, it is in small type somewhere in the newspaper.

Senator BRANDEGEE. Do you think now, as a general statement, that the American press is being influenced to give the American people a false picture of the Mexican situation?

Dr. INMAN. Well, I did not say that.

Senator BRANDEGEE. I mean, do you think so?

Dr. INMAN. I am inclined to think so; yes.

The CHAIRMAN. Doctor, any news purporting to emanate from within Mexico and to be brought out of Mexico is brought out how? If it is telegraphed out, who owns the telegraph lines?

Dr. INMAN. The Government.

The CHAIRMAN. The Carranza government?

Dr. INMAN. Yes.

The CHAIRMAN. There is a censorship, is there not, by the Carranza Government over anything coming out by the telegraph lines?

Dr. INMAN. I think so.

The CHAIRMAN. And cables, also, from Mexico?

Dr. INMAN. I think so. I am not absolutely positive about that, but that is my impression.

The CHAIRMAN. You know that all the telegraph lines are owned, or claimed to be owned, by the Government?

Dr. INMAN. Yes.

The CHAIRMAN. So that anything coming from Mexico over those lines comes over the Mexican Nacional Lines. Now, then, where does this news that you speak of generally come from? Is it from Mexico or from the border?

Dr. INMAN. Well, I speak of news in general; some of it comes from the border and some of it comes from within Mexico; some comes from Washington and some comes from New York.

The CHAIRMAN. You have reference to——

Dr. INMAN. I mean a general reading of the newspapers.

The CHAIRMAN. That the news generally with reference to Mexico is incorrect—the news of happenings within Mexico?

Dr. INMAN. That there are a great many incorrect statements, and if one will simply take the trouble to check up he will find them.

The CHAIRMAN. What method have you of checking up? Just suppose a case, now, that from your city, where you used to be, of Monterey, comes a telegram such as you have referred to on page 14, here, of your book: "One who will check up the number of rumors printed each week by the American press concerning dire happenings in Mexico"—suppose a rumor of such dire happening comes from Monterey, Mexico. If it comes by telegraph, it comes over Carranza telegraph lines, does it not?

Dr. INMAN. Yes.

The CHAIRMAN. Now, how would you check it up, and prove it to be incorrect?

Dr. INMAN. I have in mind one thing—that the press of the United States reported that Gov. Osuna had been captured by bandits.

The CHAIRMAN. Where did that come from?

Dr. INMAN. I don't know where it came from.

The CHAIRMAN. Where did it purport to originate?

Dr. INMAN. I say I don't remember; but that was the statement made in the papers, and, of course, I was quite exercised about it, until I heard several weeks later from friends in Mexico that such was not the case.

Senator BRANDEGEE. Well, you never made any systematic attempt to check up what was false, and what was true, did you?

Dr. INMAN. No.

The CHAIRMAN. Any newspaper man anywhere in the Republic of Mexico, where there is a Carranza garrison, a Carranza government, or a Carranza official, who sends out news of that kind, if he happens to be an American, is subject to deportation under the Mexican law, is he not?

Dr. INMAN. If he does anything that is considered objectionable, I think the President has the authority of deporting him.

The CHAIRMAN. Well, you do not hold Americans in this country responsible for false rumors originating in and coming out of Mexico, do you—or any special interest in the United States—do you hold them responsible for that?

Dr. INMAN. No.

The CHAIRMAN. Do you know that Associated Press correspondents have been arrested and deported without trial, from Mexico City?

Dr. INMAN. I have heard that stated.

The CHAIRMAN. That is done under authority of the constitution, is it not?

Dr. INMAN. I understand under the authority of old Article 33. I don't know what the new article is. The Americans call it 33.

The CHAIRMAN. And do you know that there is a treaty between the United States and Mexico which prohibits that?

Dr. INMAN. No, sir.

The CHAIRMAN. What press dispatches have you seen coming from the border which you have checked up and proved to be incorrect?

Dr. INMAN. I do not have any in mind now.

The CHAIRMAN. Have you checked up any which have proven to be incorrect?

Dr. INMAN. It is notable and general discussion of the fabrication on the border, fabrication of news, that is referred to in a great many articles.

The CHAIRMAN. Where?

Dr. INMAN. Well, every little while, practically all the magazines.

The CHAIRMAN. Just in such general statements as you are now making?

Dr. INMAN. There are pretty specific statements all through the year.

The CHAIRMAN. That is what I am trying to get at.

Dr. INMAN. You must certainly recall that there is a general reference to the fact that on the border there are a lot of statements fabricated, but I do not recall any of those.

The CHAIRMAN. I am trying to chase it down, and if it is in the power of this committee we are going to trace it down and show whether there are any manufacturers of evidence sending out evidence from the border or elsewhere for the purpose of inflaming the minds of the people of the United States, and I wanted to know whether the Associated Press is engaged in that business. Do you know?

Dr. INMAN. No; I don't know that it is.

The CHAIRMAN. Then you acquit the Associated Press, do you, of any such charge?

Dr. INMAN. I have no evidence at all that the Associated Press has done anything of that kind. I never made any accusation against the Associated Press.

The CHAIRMAN. Then against whom are you making the accusations?

Dr. INMAN. I am simply stating, Mr. Chairman, that in reading these papers these things come up. I did not make any accusations at all. You can see things in the papers, they are simply there, without putting a hand on them and saying, "I know this was done by this, that, or the other man or organization."

The CHAIRMAN. That is one general statement of yours.

On page 18 I note that you say that "no doubt the statements were made in a kind of careless way by those who thought they should exaggerate a bit in order to emphasize the bad conditions sufficiently. But in Mexico, where people actually are living in conditions entirely different, it appeared as nothing less than damnable lying for a purpose. When some reporter wants a 'scoop,' or some Congressman wants to please his constituents, say, or some after-dinner speaker needs to wake up his fellow diners. Mexico, being a subject in which everyone is interested and about which few know anything, offers a fine field."

What Congressman have you in mind?

Dr. INMAN. No one in particular.

The CHAIRMAN. Then this was just a general statement?

Dr. INMAN. Yes; but it is——

The CHAIRMAN. Have you had any instances coming under your observation or being called to your attention in which after-dinner speakers or Congressmen have made inflammatory speeches or speeches not founded on facts, with references to matters in Mexico?

Dr. INMAN. Of course, I referred there to the report that had been made in Mexico that Carranza did not control but 5 per cent of the country.

The CHAIRMAN. That was what you had reference to here?

Dr. INMAN. About that inflaming the people down there; yes.

The CHAIRMAN. When was that?

Dr. INMAN. That was reported in the papers when I was down there in February.

The CHAIRMAN. Through the speech of what Congressman?

Dr. INMAN. Not a speech of a Congressman, but at a dinner which was held. I think I referred to that just before the article that you have cited.

The CHAIRMAN. You refer, then, to the speech of the vice president of the Guaranty Trust Co.?

Dr. INMAN. As it was reported in Mexico, yes.

The CHAIRMAN. Well, The World To-morrow is not published in Mexico, is it?

Dr. INMAN. No.

The CHAIRMAN. You quote the speech from The World To-morrow under date of March, 1919.

Dr. INMAN. It was also reported in Mexico papers in large red headlines across the top of the page and caused a good deal of excitement down there.

The CHAIRMAN. Was it misquoted in Mexico, or was it quoted as you quote it from The World To-morrow?

Dr. INMAN. It was a summary in Mexico and along the same lines.

Senator BRANDEGEE. Referring to the vice president of the Guaranty Trust Co., that is the same company whose prospectus you referred to yesterday, advising people that it was advisable for them to make investments in Mexico, is it not?

Dr. INMAN. The same; yes.

The CHAIRMAN. You quote this speech apparently as follows:

Thanks to a careful censorship, little real news has come out of Mexico publicly in the last two years, but from private sources we learn that conditions there have become intolerable. American business institutions with large interests in that territory have recently been compelled to organize, for the purpose of calling this situation to public notice and, if possible, to secure some measure of protection from our Government.

The distressing fact to all those sincerely interested in the welfare of the Mexican people, and who would like to see the Mexican people develop themselves, is that Mexico has not the seed within herself to achieve what manifestly must be accomplished before it can enjoy a free and enlightened Government. It must seek assistance outside of itself to lift it out of the chaotic conditions now existing.

The new Mexican constitution, recently adopted, is Bolshevik in its theory and provisions. It decrees that the holding of property is a social function, and provides for the bald confiscation of property rights, as Americans and all civilized Governments understand such rights.

Was that speech reported in Mexico properly, or was that there some change made in it before it was published?

Dr. INMAN. Of course, more of it was reported, and I think more of it was reported in The World To-morrow, but I cut out that part of the quotation which seemed to me to be especially offensive, because I did not want to give that.

The CHAIRMAN. That is the speech, then, which you have in mind when you say that when some reporter wants a scoop or some after-

dinner speaker wants to wake up his fellow diners, Mexico being a subject in which everyone is interested, and about which few know anything, offers a fine field?

Dr. INMAN. That is not the full speech.

The CHAIRMAN. That is the one you had in mind?

Dr. INMAN. Yes.

The CHAIRMAN. You called my attention to the fact that you quoted it?

Dr. INMAN. Yes. I simply referred to that as being one of the things that inflamed the Mexican people down there.

The CHAIRMAN. Yes; and one of the things which you think to be untrue?

Dr. INMAN. Yes, sir.

The CHAIRMAN. I notice in your book, on page 28, you place the confiscation of foreign property in Mexico, or the subject of the confiscation of foreign property, apparently upon a plane with the prohibition amendment just passed by the Congress of the United States. Do you recall that paragraph?

Dr. INMAN. I recall it; but my intention was not to place it upon that plane, but simply to call attention to the fact that some people might do so.

The CHAIRMAN. You say on page 28:

We have just confiscated foreign property by the millions by passing the prohibition amendment, yet no one would think that that gave a foreign government the right to intervene in our affairs.

You were comparing it with the twenty-seventh article of the Mexican constitution; and do you think that is a fair comparison?

Dr. INMAN. My idea there was to bring out the fact that there was a recognition of the State's power to take over property which, for example, is being discussed in Great Britain at the present time.

The CHAIRMAN. This is your idea: That that is a fair comparison?

Dr. INMAN. I simply wanted to throw that out as a thought.

The CHAIRMAN. As a fair comparison?

Dr. INMAN. As a thought for the reader.

The CHAIRMAN. Well what thought did you have about it yourself?

Dr. INMAN. For the reader to make his own comparisons.

The CHAIRMAN. You had some thought about it yourself, did you not—you wrote it after some thought?

Dr. INMAN. I don't know that I did. It is simply one of those numerous things now that is pushing to the forefront in the nationalization of properties in all parts of the world.

The CHAIRMAN. I notice, in referring to the Monroe doctrine, on page 33, that you say that—

Chile and Colombia and Nicaragua and other countries and countless individual Latin Americans believe—and we must not forget that they sustain this contention by quotations from our own authorities—that it means not “America for the Americans,” but “America for the North Americans.”

What American authorities do they quote on that subject?

Dr. INMAN. Take, for example, the book of Prof. Powers, *America Among the Nations*, written during the war; and that is practically the whole argument in that book.

The CHAIRMAN. Written during the war?

Dr. INMAN. Written during the war.

The CHAIRMAN. Have you ever heard it quoted in Latin America?

Dr. INMAN. Yes, sir.

The CHAIRMAN. Where and by whom?

Dr. INMAN. It is quoted in a series of articles that are now being printed in the *Norte el Americano*, which goes all over Latin America. I have a book written in Portuguese, and practically the whole of it is given to such quotations.

The CHAIRMAN. When was this book published?

Dr. INMAN. The book was published about 10 years ago.

The CHAIRMAN. I thought you said during the war?

Dr. INMAN. No; I say Dr. Powers's book was published during the war.

The CHAIRMAN. That is what I am asking about. When was it gotten out, about? What was the date, do you remember?

Dr. INMAN. I don't remember. It was the latter part of 1917.

The CHAIRMAN. Upon what authority does Mr. Powers rely in making those assertions? Did he attempt to quote any State records or department papers or executive documents?

Dr. INMAN. No; I don't think he does; but, as I say, this other book does, this Brazilian book, quote the words of our State Department and many other prominent men in Congress.

The CHAIRMAN. Do you agree with this Portuguese book or Brazilian book after you have examined those authorities, that that doctrine is announced by any competent American authority, that the Monroe doctrine is declared to mean "America for the North Americans," by any competent American authority, I say, or did you disagree with the Portuguese book when you read it?

Dr. INMAN. I rather disagreed with it.

The CHAIRMAN. Did you take any steps to undeceive the minds of the Latin Americans as to what the true meaning of the Monroe doctrine is?

Dr. INMAN. I try to do so whenever I have opportunity; I try to show them that that is not the meaning of the Monroe doctrine.

The CHAIRMAN. It is fortunate that we have some one to do that. I notice in here:

The Mexicans are an exploited people. The land baron and the priest have continued their unholy alliance from the days of the Conquistadores till the present, playing alternately the one into the hands of the other, to keep the people in ignorance, superstition, and debt, so that the exploitation, both by padre and amo, would be sure and easy.

That statement is made after due deliberation of the present conditions, or those existing for the past 30 years in Mexico, is it?

Dr. INMAN. Yes.

The CHAIRMAN. I notice you say that—

Foreign capitalists, with their immense concessions, have usually been willing to join the system of exploitation.

That is true, is it?

Dr. INMAN. Yes.

The CHAIRMAN. What immense concession do you know of, within your knowledge, that is held by any foreigner, American or other foreigner, in Mexico?

Dr. INMAN. Concessions—I can not recall any just at the present time.



The CHAIRMAN. How would the holding of any such concession, unless you can recall such concession, enable one to exploit the people of Mexico? In other words, what character of concession must it be?

Dr. INMAN. I should think it would be a concession from the Government.

The CHAIRMAN. What character of concession from the Government?

Dr. INMAN. Excusing them, for example, from taxation and giving them certain privileges.

The CHAIRMAN. What character of concession have you in mind?

Dr. INMAN. You take any number of those references that are made in Turner's book on Mexico.

The CHAIRMAN. You refer to Kenneth Turner?

Dr. INMAN. Yes.

The CHAIRMAN. Barbarous Mexico.

Dr. INMAN. Yes, sir.

The CHAIRMAN. Written in collaboration, I believe, with Guitierrez DeLara?

Dr. INMAN. Yes.

The CHAIRMAN. Do you regard that as authority?

Dr. INMAN. I regard a good many statements in there as true: yes, sir.

The CHAIRMAN. Have you taken any steps to corroborate those statements in there that you say are true?

Dr. INMAN. No steps to corroborate them; no.

The CHAIRMAN. You just regard them as true because you have read them?

Dr. INMAN. Yes.

The CHAIRMAN. Did Mr. Turner refer to concessions in that book?

Dr. INMAN. Yes, sir.

The CHAIRMAN. He did?

Dr. INMAN. I think so.

The CHAIRMAN. And he was referring to foreign concessions at that time?

Dr. INMAN. He referred to foreign concessions; yes.

Senator BRANDEGEE. Did he not give any instance of any particular foreign concession that was aiding in exploiting the Mexican people?

Dr. INMAN. It has been some time since I read the book.

The CHAIRMAN. I have read the book and I know something of the conditions he referred to. Was he not referring to agricultural conditions in the tropical regions of Mexico?

Dr. INMAN. Partly; yes, sir.

The CHAIRMAN. Well, is not that the whole theme of his work—the tropical regions of Mexico, on the plantations? That is what Kenneth Turner was writing about, was it not? The deportation of the Yaquis from the Yaqui and Fuerte River, etc., to Campeche and Yucatan and those regions, and the labor conditions on those plantations?

Dr. INMAN. Yes.

The CHAIRMAN. That is what he was referring to. Do you know what a concession is in Mexico?

Dr. INMAN. There are various kinds. A concession is a particular privilege given by the Government to somebody.

The CHAIRMAN. Do you know anyone whomsoever—a Mexican or foreigner, American, or anyone else—to-day in Mexico who holds a bit of land by concession from the Mexican Government?

Dr. INMAN. I do not know of any individuals; I can not mention any at the present time.

The CHAIRMAN. Did you ever hear of any individual or corporation, in your knowledge of Mexico up to the present time, holding any land from the Government of Mexico by concession?

Dr. INMAN. The Government of Mexico has given land, for example to certain individuals, after Indian tribes had been dispossessed, and those individuals have taken charge of the land.

The CHAIRMAN. Have given lands?

Dr. INMAN. Well, they have made it possible for that individual to get that land.

The CHAIRMAN. Now, Doctor, you are voicing just what a good many people have voiced before you who know nothing more about the subject than you do. The Mexican lands are classified, and they are offered for sale to anyone who chooses to buy them, from the hectare, which is the unit, 2.47 acres, up to any number of hectares which he may be able to or choose to buy. These concessions you are talking about where Indians were ousted, do you not know that they were titles held, and the adjustment of these titles under governmental direction and with Government engineers in charge of the survey, and that the complaint of the Indians was brought about by the fact that upon surveys being made what they had formerly claimed as their holdings might be curtailed? Do you now know that is the truth of it, or do you not?

Dr. INMAN. Well, I am not sure just about the details of that. Isn't it true, for example, in the State of Morelos, that the Indians formerly held these lands?

The CHAIRMAN. Isn't it true that in the State of South Dakota, and the States of North Dakota, Colorado, New Mexico, the State of New York, the State of Maryland, and other States in this Union, Indians formerly claimed the land?

Dr. INMAN. That is true, but it is not true that a few men now own the whole States, as it is in Morelos.

The CHAIRMAN. Who has been undertaking to correct that trouble in Morelos?

Dr. INMAN. I don't know whether it has gotten so very much corrected at the present time.

The CHAIRMAN. Who has been devoting himself to it for the last nine years? Mr. Carranza?

Dr. INMAN. Zapata has had control of it.

The CHAIRMAN. Zapata?

Dr. INMAN. Yes, sir.

The CHAIRMAN. And his work has been upon the theory that he was going to correct the land titles in Morelos?

Dr. INMAN. Theoretically that was the basis of it.

The CHAIRMAN. Was he a supporter of Carranza or not?

Dr. INMAN. I don't think he was. He certainly was not along toward the last.

The CHAIRMAN. Yes, sir. Did you ever know or have any reason to look into the titles by which the oil companies hold lands in Mexico?

Dr. INMAN. I understand that the oil companies bought their land direct.

The CHAIRMAN. Then you do not think the oil companies are holding concessions or operating under concessions?

Dr. INMAN. No, sir.

The CHAIRMAN. You acquit the oil companies of that, do you?

Dr. INMAN. Yes, sir.

The CHAIRMAN. What Americans do you think are holding lands under concessions? Do you think any of the mining companies are holding lands under concessions?

Dr. INMAN. Well, I take it that all the mining companies, according to law, have concessions from the Government to work the mines.

The CHAIRMAN. That is evidence of the fact that you have not looked into it. Mines are not worked under concession at all. The very authorities you give in your book and the statement you make in your book controvert that. Mines are acquired, not by concession, but they are acquired by denunciation, as we call it, from the Mexican Government, through the nearest local mining office.

Dr. INMAN. That is what I meant to say.

The CHAIRMAN. That is what you call a concession? Mines are concessions, are they?

Dr. INMAN. Well, I suppose technically they are not.

The CHAIRMAN. Well, it is a patent issued by the Mexican Government, signed by the President of the Republic, just the same as we get patents here for our property, except they have a condition subsequent, that in the event of your failure to pay taxes for three months in succession, automatically your title is forfeited and goes back and is subject to denunciation by some one else. There is no special privilege in that, when you or anyone else has a right to make a denunciation of any mining claim, is there?

Dr. INMAN. No, sir; except it is an arrangement with the Government.

The CHAIRMAN. Then the mining companies are not operating under concessions?

Dr. INMAN. No, sir; not where they are operating their own lands.

The CHAIRMAN. They may own the mine and they may acquire the mine, or they may take a mine under a grant. You may own the title, leading back 200 years, and take it from the King of Spain, or some viceroy of new Spain, and you can locate a mine of metalliferous minerals, and then I must acquire the land from you.

Dr. INMAN. I understand.

The CHAIRMAN. If you and I can not deal for it, I go into court, under the Mexican law, by condemnation proceedings, the only difference between that law and ours being a man has a right to denounce a mining claim, and if he does so he has the right of eminent domain, which is not usually granted in this country. Did you know those things?

Dr. INMAN. Yes, sir.

The CHAIRMAN. Then the mining companies are not operating under concessions? Now, what Americans are operating under concessions?

Dr. INMAN. Well, there are factories down there, for example, which are excused from certain taxation for a number of years, to encourage them, and I have understood they are granted concessions. If I am mistaken about that, I am glad to know it.

The CHAIRMAN. The Mexican land law is published in a separate book. You can get it. If you haven't it I can furnish you with a copy.

These manufacturing concessions, what are they? What do they amount to? How do they enable anyone to exploit the poor laborer?

Dr. INMAN. Any manufacturer, of course, when he is given an opportunity of carrying out his organization, if he does not want to pay his laborers and if he is able to keep them down and keep them employed by him by any kind of means, dickering with the head politico or anybody else.

The CHAIRMAN. But that is not the question. Do you call that a concession? How does that enable him to work men at small wages? Where does it enable him to employ them at small wages and keep them in his employ, rather than to go somewhere else? Do you ever hear of a concession of that kind?

Dr. INMAN. Except from the fact that he works in with the authorities and he is able, for example, to see that these workmen do stay there and do work for him.

The CHAIRMAN. That does not apply to a concession. That would apply to an individual or anyone else. If you were to go there and engage in any kind of business, whether it is under what you call a concession or not, or what is so often erroneously, or invariably erroneously spoken of as a concession, when you go there and start any kind of business, whether it is the farming business, or a livery stable, or a garage, or anything else, and you employ men, if you can stand in with the officer and bribe him, how does that enable you to control your labor?

Dr. INMAN. Well, it enable you to control the labor simply by standing in with him.

The CHAIRMAN. How? Do you mean they still have peonage in Mexico, or slavery?

Dr. INMAN. Not at the present time, except, I should say, in rare cases, but that did certainly pretty generally exist during the Diaz administration.

The CHAIRMAN. Do you know what the peonage system was?

Dr. INMAN. Well, I have heard a good deal about what it was.

The CHAIRMAN. Well, what was it?

Dr. INMAN. For instance, if a man has a certain number of peons on his hacienda, and he would keep those peons there by means of debts, and if those peons who owed him anything went into another State he was given the authority to go in and get them and bring them back again.

The CHAIRMAN. Do you mean to say that has anything to do with concessions?

Dr. INMAN. I mean to say that a man who had a concession from the Government, it is very natural for him to be in partnership with those numerous Government officials in that district.

The CHAIRMAN. Did you employ a mozo when you were living in Mexico?

Dr. INMAN. Not generally.

The CHAIRMAN. Did you employ a cook?

Dr. INMAN. Very seldom.

The CHAIRMAN. You did your own cooking and brought your own horse and waited on yourself entirely?

Dr. INMAN. Yes, sir.

The CHAIRMAN. Did you know anyone or did you have any acquaintance with anyone who was fortunate enough to be able to employ a mozo and a cook?

Dr. INMAN. Yes, sir.

The CHAIRMAN. Did they have to go and stand in with the authorities to keep their cook and mozo?

Dr. INMAN. No, sir; but I am referring to out in these country districts.

The CHAIRMAN. I know what you are referring to. You are referring to the old peonage system that was done away with years ago, and not a concession. It was done away with by law years ago in Mexico. It never had any reference to concessions, and you are talking of and dealing with concessions, and so forth, in your book here, in your general exploitation of the people. Do you not know that a concession, such as you have been talking about, as a matter of fact, is simply a franchise to do business.

Dr. INMAN. I suppose so.

The CHAIRMAN. If you put in a street railroad in Washington or any other city in the United States, you would have to have a franchise from the authorities?

Dr. INMAN. Yes, sir.

The CHAIRMAN. Do you get any special privileges, apart from simply having a franchise to operate?

Dr. INMAN. There are certainly lots of deals between the people who own these franchises and the officials of these cities.

The CHAIRMAN. Where there are corrupt deals? That is what you refer to?

Dr. INMAN. Yes, sir.

The CHAIRMAN. Therefore, your statement would apply to any franchise which would be issued in the United States, equally to a similar franchise or what you call a concession issued in Mexico?

Dr. INMAN. Yes, sir; where those combinations exist.

The CHAIRMAN. There is nothing in the franchise, however, about the control of labor.

Dr. INMAN. No, sir.

The CHAIRMAN. All right. Now, you are aware that grants have been made by this Government to railroads across the continent in times past, are you not?

Dr. INMAN. Yes, sir.

The CHAIRMAN. To induce private capital to build and operate the railroads?

Dr. INMAN. Yes, sir.

The CHAIRMAN. You are aware of the fact that cities and municipalities, little settlements all over this country, have offered inducements for factories to locate there? You are aware of that?

Dr. INMAN. Yes, sir.

The CHAIRMAN. Is that a concession, such as you have in mind in Mexico?

Dr. INMAN. No; the thing I had in mind was, taking that whole paragraph together, when those things are issued by the officials and the concessions granted, and at the same time a combination formed of these corrupt officials, that is how it was done, not as the legal part of the concession but as a part of the whole deal.

The CHAIRMAN. Just exactly as if, through bribery or corruption, you might go into the city of Cleveland, Ohio, to-morrow and secure a street railroad concession or electric-light or gaslight concession, or something of that kind, by a corrupt deal?

Dr. INMAN. Yes, sir.

The CHAIRMAN. That is what you had reference to in your talk of a concession in Mexico?

Dr. INMAN. Yes, sir.

The CHAIRMAN. And that is what you mean by the immense concession of foreigners in Mexico that you spoke of on page 45 of your book?

Dr. INMAN. Yes, sir.

The CHAIRMAN. Doctor, in 1905 did you locate first in Monterey?

Dr. INMAN. Yes, sir.

The CHAIRMAN. How many people were employed in the smelters or work of that character there at that time, more or less?

Dr. INMAN. You mean altogether?

The CHAIRMAN. Yes, sir.

Dr. INMAN. Workmen and all?

The CHAIRMAN. Yes, sir.

Dr. INMAN. I suppose in the three smelters they probably employed 5,000 people.

The CHAIRMAN. Do you know anything about the wage scale paid there?

Dr. INMAN. I think they were paying at that time—I don't remember what they they were paying at that time, probably around a peso. I mean for the peon labor.

The CHAIRMAN. And from one peso or one Mexican dollar up?

Dr. INMAN. Yes, sir.

The CHAIRMAN. Was that institution run by Americans?

Dr. INMAN. Yes, sir; and American institutions of that kind in Mexico usually pay larger wages than the Mexican institutions, more than Mexican laborers are accustomed to receive.

The CHAIRMAN. Then the American institutions have not in that way injured the poor people of Mexico?

Dr. INMAN. No, sir. The large firms, I think I have stated, were a great benefit to the people in Mexico.

The CHAIRMAN. I noticed you have. I was going to call your attention to that, as a comparison of a contradiction in your book.

Judge Kearful has called my attention to page 10 of your book, where you say "Millions of men are dependent on American capital for their support." What is the general condition of the workmen employed by Americans in Mexico, where you have any knowledge of it?

Dr. INMAN. It is better than where they are employed by anyone else, just as I stated about the Monterey proposition.

The CHAIRMAN. How do you account for that? You are engaged in social work, uplift, education, religion. You must have thought on that subject.

Dr. INMAN. I account for it in two ways, as many of the managers have explained it to me. In the first place, naturally, these managers are generally interested in their people from a social standpoint, and they believe above all that it is a good business proposition to take care of the people and to make them satisfied, to keep them from shifting around from one place to another.

The CHAIRMAN. And that system under your observation has worked out well?

Dr. INMAN. It has worked out well; yes, sir.

The CHAIRMAN. It has not been adopted by the Mexicans themselves, has it?

Dr. INMAN. Well, I wouldn't care to say it has not been, but I don't know of any outstanding instances.

The CHAIRMAN. It had not been, at any rate, before the Americans went in there?

Dr. INMAN. I don't think so.

The CHAIRMAN. Then the entrance of the American business man into the field of labor in Mexico has operated for the uplift and benefit of the Mexican laborer, has it not?

Dr. INMAN. Those that have been employed by the Americans.

The CHAIRMAN. Does it not have the same effect when there is a demand for labor at increased wages all over the country?

Dr. INMAN. Well, it is pretty hard, I think, Mr. Chairman, to affect the different parts of the country. For instance, the parts of the country that are far removed from the railroads and have very little contact with these centers, it is very difficult for them to be affected by anything except what happens right there in their own community.

The CHAIRMAN. Do you think the labor employed at Monterey, that you speak of—5,000, we will say—were entirely residents of Monterey?

Dr. INMAN. Oh, no. They were brought in from different parts of the country.

The CHAIRMAN. They were brought in from as far back as Zacatecas?

Dr. INMAN. Yes, sir; I should say so.

The CHAIRMAN. Zacatecas was a reservoir for mining labor for the entire Republic, after the shutdown of the mines of the city of Zacatecas, was it not?

Dr. INMAN. Yes, sir; and San Luis; San Luis Potosi, also; and several of those southern States. The labor was brought up by these American companies into the north.

The CHAIRMAN. What are the average wages paid by Americans now in Monterey for Mexican labor?

Dr. INMAN. I should say around two pesos for the manual laborer, or peon, and the peon all over the country now is receiving from a dollar to a dollar and a quarter and a dollar and a half. Even the municipalities that used to pay their policemen 37½ cents a day have increased that.

The CHAIRMAN. Yes; and they have increased the wages of the soldiers, too, have they not?

Dr. INMAN. Yes, sir; and the peons out in the country. I stopped some men who were bringing material in way out on the sidetrack

and asked them what they were getting, and they were getting a dollar and a quarter, or 5 cuartillas and a maiz, I believe.

The CHAIRMAN. What is the preference of Mexican laborers, if they have any preference, as to who they shall work for?

Dr. INMAN. I heard it very often explained that they preferred to work for the Americans, because they said the Americans would give them a square deal. They don't have to pay the superintendents special rake-offs to keep their jobs, like they very often have to pay to their own people.

The CHAIRMAN. The general treatment was better?

Dr. INMAN. Yes, sir. I will say, Mr. Chairman, that I have had a good many friends who were superintendents, and men who had gone down there as representatives of these plants, and I have had a great admiration for the work they have done for the Mexican people. I do not want to create anywhere the impression that I have objected to the great majority of the American people who have been doing business in Mexico, or that I do not believe their work has been really missionary work, in a sense, for I have felt that right along.

The CHAIRMAN. Yes, sir. In other words, you believe that if the Americans were to quit work in Mexico conditions would be worse than they are now?

Dr. INMAN. Yes, sir; I do.

The CHAIRMAN. One of the inducements for you to continue at the work in which you are engaged in Mexico, is the fact that Americans are developing the natural resources of Mexico, and are themselves elevating the Mexican, is it not?

Dr. INMAN. I don't know as I can say that, Mr. Chairman.

The CHAIRMAN. Then what inducements would you have if the Americans were to quit work in Mexico?

Dr. INMAN. Simply the fact that we feel we will go anywhere, Central Africa, or anywhere, to do our work.

The CHAIRMAN. Certainly; but would you look forward with as much pleasure to your work and as sincere belief in the ultimate beneficial outcome of it, or the immediate beneficial outcome of it, if Americans were driven out of Mexico?

Dr. INMAN. No, sir; we would not.

The CHAIRMAN. I mean American business men.

Dr. INMAN. Yes, sir. We would consider that a tremendous calamity.

The CHAIRMAN. Then you think they are entitled to be heard the same as others in the United States?

Dr. INMAN. I certainly do; yes, sir.

The CHAIRMAN. Even if some Congressman who is wanting to secure the acclaim of his constituents is making a speech?

Dr. INMAN. Yes, sir.

The CHAIRMAN. Now, Doctor, I notice that you have a statement here in your book, rather a comparison, in reference to conditions existing under Diaz and under the present administration. You state here on pages 55 and 56 what a certain colonel would do with reference to the owners of live stock and such as that. You speak of the colonel here. You recall that paragraph?

Dr. INMAN. Yes, sir; I recall that paragraph.

The CHAIRMAN. In one of the communities where I lived the most prominent gentleman of the town, who owned the most real estate and who controlled



hundreds of thousands of acres of farming land, was called "colonel." After several years' residence I learned how this title came to him. He was sent to this center some 20 years before as jefe politico. He organized a band of ruffians who would ride over the country and collect herds of sheep and cattle for him. If the owner of a little herd of cattle saw them being driven away and demanded, "Who told you to drive these cattle off?" the reply would be "The colonel." If the owner were audacious enough to go into the city and present himself before the authorities to demand that this gang be punished, before whom would he appear? Why, the colonel. If he insisted on demanding his rights, he would be thrown into jail and kept there until he recognized the colonel's supremacy. Thus the jefe politico had not only got his title "colonel," but amassed an immense fortune.

You know of conditions of that kind in that country?

Dr. INMAN. Yes, sir.

The CHAIRMAN. Coming under your own observation?

Dr. INMAN. Partly under my own observation.

The CHAIRMAN. Then you follow that: "When the revolutionists, many of them the very same men who had been robbed by the Colonel, 10, 20, or 30 years before, went into his beautiful home in the city after he had abandoned it and requisitioned a few desks and beds for their headquarters, their acts were telegraphed all over the United States to show the barbarity of the revolutionists." Instances of the character you have suggested have come under your personal observation, have they, Doctor?

Dr. INMAN. Yes, sir; that one did.

The CHAIRMAN. They requisitioned a few desks and beds for their headquarters?

Dr. INMAN. Yes, sir.

The CHAIRMAN. Which was telegraphed all over the United States?

Dr. INMAN. Yes, sir.

The CHAIRMAN. As showing the barbarity of the revolutionists?

Dr. INMAN. Yes, sir.

The CHAIRMAN. You have that instance in mind?

Dr. INMAN. Yes, sir.

The CHAIRMAN. Do you know anything about the looting of San Luis Potosi?

Dr. INMAN. I heard the history of it when I was down there this last time.

The CHAIRMAN. Do you know anything about the looting of the City of Mexico by the Carranza forces when they entered? Did you ever hear of that?

Dr. INMAN. Yes, sir.

The CHAIRMAN. Is that what they call "requisitioning"?

Dr. INMAN. No, sir. What I referred to is what I call "requisitioning."

The CHAIRMAN. What instances do you have in mind of the requisitioning of desks?

Dr. INMAN. Well, the instance that I referred to there is Piedras Negras.

The CHAIRMAN. How is that requisitioning carried out?

Dr. INMAN. They just simply went over there and took the furniture and took it to their headquarters.

The CHAIRMAN. Out of the Colonel's house?

Dr. INMAN. Yes, sir.

The CHAIRMAN. And that was telegraphed over the United States as an instance of the barbarity of the Mexicans?

Dr. INMAN. Yes, sir.

The CHAIRMAN. You saw the telegrams, did you?

Dr. INMAN. Yes, sir.

The CHAIRMAN. Where did it come from?

Dr. INMAN. It came from Eagle Pass, Tex.

The CHAIRMAN. How did the news get to Eagle Pass, do you know?

Dr. INMAN. It is just a little way from Eagle Pass and there were a number of correspondents down there.

The CHAIRMAN. Was it sent out by the the Associated Press or by special correspondent?

Dr. INMAN. I don't remember who it was that sent it out.

The CHAIRMAN. Did you correct it?

Dr. INMAN. Did I correct it?

The CHAIRMAN. Did you correct it?

Dr. INMAN. Oh, no, sir.

The CHAIRMAN. Did you take any pains to go to the newspaper correspondent or any of them and explain to them this was simply the requisitioning of needed articles and was not in any sense a robbery?

Dr. INMAN. Why, I certainly did not, Mr. Chairman. If I had I would not have done very much else in those days, if I had been trying to correct the statements that were sent out by the newspaper men down there.

The CHAIRMAN. Now, I ask you about this propaganda with reference to oil and the supposed Mexican law; my attention has been called to the fact that you refer to that in your book. You said, I believe, that you had not any knowledge of the law, or any familiarity with the law yourself personally, the Mexican law, as to mines?

Dr. INMAN. None, except the general understanding that the mining laws provide for the ownership to remain with the Government.

The CHAIRMAN. Now, you make this direct statement, and I want to know upon what information you found it:

The Spanish made a distinction between surface rights and mineral rights. It reserved to the Crown exclusive ownership of the subsoil; and therefore the Crown held the title to all mining properties. When Mexico became a republic, the Crown rights passed to the Federal Government. All subsequent mining laws of Mexico are based on this tradition of government ownership.

Upon what do you found your statement that under the Spanish and Mexican law the subsoil rights were retained by the Crown and later by the Mexican governments?

Dr. INMAN. That is from an article by my colleague, Dr. Winton.

The CHAIRMAN. Is the doctor present here?

Dr. INMAN. Yes, sir.

The CHAIRMAN. You have not studied Spanish law and Mexican law?

Dr. INMAN. No, sir.

The CHAIRMAN. Does Dr. Winton understand that law better than you do?

Dr. INMAN. Yes, sir.

The CHAIRMAN. And knows the difference, as you do, between "metales" and "minerales," doesn't he?

Dr. INMAN. Yes, sir.

The CHAIRMAN. Does he understand Spanish?

Dr. INMAN. Yes, sir.

The CHAIRMAN. Very well. I will ask the doctor when he is on the stand something about that. Do you think that the Mexican oil law, under article 27, that is what you have reference to as the Mexican oil law, is not different from that of all other countries?

Dr. INMAN. That it is not different from that of all other countries.

The CHAIRMAN. Of other countries generally?

Dr. INMAN. Well, that is claimed by the Mexican people.

The CHAIRMAN. And as Dr. Winton knows more about that than you do, apparently, we will question him later. On page 134 of this book you—perhaps I had better read the entire paragraph. You state:

In February, 1913, Felix Diaz and Bernado Reyes broke jail at Mexico City, where they had been imprisoned as leaders of a rebellion against Madero, and placed themselves at the head of the rebel forces representing the old Diaz group. Huerta was intrusted with the command of the Madero troops. In order to stop the fighting, which continued for 10 days, a conference was held at the American Embassy with the American ambassador present, and Huerta, a traitor to Madero, who was made prisoner and afterwards shot. For his part in the affair Henry Lane Wilson was recalled, and the United States did not appoint until 1918 our next ambassador, the efficient Mr. Fletcher, who is still at his post.

There is an impression that the ambassador of the United States, Henry Lane Wilson, was a party to a diabolical affair resulting in the shooting of Madero and Bernardo Reyes.

Dr. INMAN. My understanding of it is just as it is stated there.

The CHAIRMAN. You want it to go just exactly as it is stated here?

Dr. INMAN. Yes, sir.

The CHAIRMAN. You have no hesitancy in making this statement with reference to Henry Lane Wilson?

Dr. INMAN. I have made it in public.

The CHAIRMAN. And you stand by it?

Dr. INMAN. Yes, sir.

The CHAIRMAN. What do you know about it; were you there?

Dr. INMAN. No, sir; I was not there.

The CHAIRMAN. Where did you get the information there?

Dr. INMAN. Oh, from American sources and from Mexican sources.

The CHAIRMAN. What American sources?

Dr. INMAN. The American press has stated that several times.

The CHAIRMAN. Stated what?

Dr. INMAN. Stated the facts that are given there.

The CHAIRMAN. Will you furnish me with any article upon that subject stating that Henry Lane Wilson had anything to do with this diabolical affair?

Dr. INMAN. I think I can furnish you with such articles by going back through the files, which would be rather difficult.

The CHAIRMAN. I would imagine it would be rather difficult, Doctor. From what Mexican sources did you learn that?

Dr. INMAN. Well, the general run. I do not remember the particular Mexicans that told me about it, but Mexicans like Prof. Osuna.

The CHAIRMAN. Where was Prof. Osuna at that time?

Dr. INMAN. He was in the United States at that time, I think.

The CHAIRMAN. What other Mexican gave you information about that?

Dr. INMAN. I do not remember the individual, but that is the claim——

The CHAIRMAN. Do you know, Dr. Inman, whether or not there were Americans residing in the city who were present at the conference between Huerta and Diaz or their representatives and Henry Lane Wilson?

Dr. INMAN. I do not know.

The CHAIRMAN. You do not know of that at all?

Dr. INMAN. No.

The CHAIRMAN. This information that you have conveyed in the paragraph which I have read, or this statement which you have made; has been made simply upon information, the sources of which you have given now?

Dr. INMAN. Probably other sources; I think there are a great many people who will say that very thing.

The CHAIRMAN. Some have said it, and some have been sued in the courts for it and had to confess that it was not true. Did you know that?

Dr. INMAN. No.

The CHAIRMAN. You do not know that Henry Lane Wilson had brought suit for libel against a certain paper or periodical in the country?

Dr. INMAN. No; I did not know that.

The CHAIRMAN. You do not know anything about the change of affairs of Harper's Weekly magazine, do you?

Dr. INMAN. No.

The CHAIRMAN. Then you do not know that something of a similar statement of this kind was lately tried in the courts?

Dr. INMAN. No.

The CHAIRMAN. Doctor, those sources were equally open to you, it seems to me, as to myself and the rest of the public generally?

Dr. INMAN. Probably so, but I certainly never heard of them.

The CHAIRMAN. Well, I am not bringing any libel suits myself, and except as a citizen of the United States I am not interested in this particular statement. I notice that you say here—my attention is called to the fact that “unfortunately, one source of prejudice against us is the number of Americans who are living in Mexico because they could not live in the United States. We have had a great many Americans who could not explain why they were in Mexico. Naturally, they do not contribute anything to closer friendship between the two peoples.” What Americans did you have reference to there?

Dr. INMAN. Why, it is a common joke on the train to meet a man and talk with him; you should not ask him what he was doing in Mexico.

The CHAIRMAN. Did anybody ever play that joke on you?

Dr. INMAN. Yes; I think they have.

The CHAIRMAN. What did you answer

Dr. INMAN. I would reply what I was doing.

The CHAIRMAN. Did you ever ask any other American what he was doing in Mexico?

Dr. INMAN. I have asked a good many.

The CHAIRMAN. And did you secure a satisfactory reply?

Dr. INMAN. From some of them; from practically all of them.

The CHAIRMAN. Can you recollect an instance in which you did not?

Dr. INMAN. No, sir; but I do not think any one who has lived in Mexico would deny that statement. There are a great many Americans down there—I believe there are a great many Americans who could not explain why they were there, and would not like to explain.

The CHAIRMAN. Can you mention one?

Dr. INMAN. No. I have not been in Mexico to live for five years.

The CHAIRMAN. You did live there?

Dr. INMAN. Yes.

The CHAIRMAN. And you did not have any associates among that class of Americans?

Dr. INMAN. Well, I have had acquaintances.

The CHAIRMAN. You have had acquaintances?

Dr. INMAN. Yes, sir.

The CHAIRMAN. Among that class of Americans?

Dr. INMAN. Yes.

The CHAIRMAN. Can you mention one of them?

Dr. INMAN. No. It is too far back to remember.

The CHAIRMAN. Are you familiar with the extradition laws between the United States and Mexico?

Dr. INMAN. Well, in a general way.

The CHAIRMAN. Do you know whether there are any exceptions to the offenses or crimes which are not extraditable under the treaties between the United States and Mexico?

Dr. INMAN. Well, I think, for example, military slackers are not included. I know that it was reported that there was a large colony of military slackers in Mexico while I was down there.

The CHAIRMAN. And that is the only instance you can call to mind?

Dr. INMAN. I recall that to mind.

The CHAIRMAN. And are those the people to whom you refer in your book?

Dr. INMAN. Yes; I had those in mind, I think.

The CHAIRMAN. Then why didn't you state that military slackers who had gone across during this war to escape military service in this country did not contribute to close friendship between the two peoples? Did you think that the people reading this book would read between the lines "military slackers"?

Dr. INMAN. No; I do not think it is necessary.

The CHAIRMAN. Is it your purpose, or was it your purpose, that they should read in there, "military slackers"?

Dr. INMAN. No; not particularly, because military slackers are simply a part of it.

The CHAIRMAN. Did you know or did you not know—you are operating in foreign affairs, and evidently you might give a little attention to the fact—that our treaties of extradition with practically all countries up to recent years provide that political offenders are not extraditable, and a military slacker is a political offender under military law; you do not know that?

Dr. INMAN. No.

The CHAIRMAN. On page 147 of your book you have mentioned two instances of hostilities to Americans in Mexico, the second of which is as follows:

The other instance of hostility to Americans is the general order which Huerta gave at the time of our taking Vera Cruz to have all Americans in Mexico arrested. Many outstanding Americans, including our consular officers, were thrown in jail and kept there until released by the Carranza authorities, who afterwards captured the towns where they were imprisoned.

Upon what authority did you make that statement?

Dr. INMAN. One of those on the authority of Gen. Hanna, consul at Monterey.

The CHAIRMAN. Where is Gen. Hanna?

Dr. INMAN. Monterey.

The CHAIRMAN. At the present time?

Dr. INMAN. Yes.

The CHAIRMAN. Any other authority?

Dr. INMAN. That is one I particularly remember.

The CHAIRMAN. Gen. Hanna stated to you—he is the only authority that you remember—that Huerta issued a general order at the time that we took Vera Cruz, to have all Americans in Mexico arrested. Gen. Hanna stated that to you?

Dr. INMAN. No; he didn't state that.

The CHAIRMAN. Who stated it to you? And he stated, "Many outstanding Americans, including our consular officers, were thrown in jail and kept there until released by the Carranza authorities, who afterwards captured the towns where they were imprisoned."

Dr. INMAN. I had particular reference to his own case there.

The CHAIRMAN. Who afterwards captured the towns where they were imprisoned. Do you mean to say that Gen. Hanna himself was arrested by order of Huerta? Did he state that to you?

Dr. INMAN. Yes, sir.

The CHAIRMAN. You are positive of that?

Dr. INMAN. Yes.

The CHAIRMAN. How do you know that?

Dr. INMAN. Why, by the word of—

The CHAIRMAN. How was he arrested?

Dr. INMAN. By the general or whoever was there at Monterey.

The CHAIRMAN. Under a general order?

Dr. INMAN. Well, the general order. There was evidence of that, because a number of our missionaries and others were taken at the same time.

The CHAIRMAN. That is what I am getting at now.

Dr. INMAN. Consul Silliman and one of our missionaries in Saltillo were taken at the same time.

The CHAIRMAN. And what was done with them?

Dr. INMAN. Gen. Hanna was released immediately.

The CHAIRMAN. Why was he released immediately?

Dr. INMAN. He was released immediately when the Carrancista soldiers came in.

The CHAIRMAN. How long was he incarcerated?

Dr. INMAN. Only during a battle.

The CHAIRMAN. Now, isn't it a fact that Gen. Hanna was guarded, was taken under orders by the military authorities for the purpose of

guarding him against attacks by the mob because of the excitement roused by the landing of the troops at Vera Cruz?

Dr. INMAN. No, sir.

The CHAIRMAN. That is not true?

Dr. INMAN. That is not true, according to the story that he himself told me.

The CHAIRMAN. And he was arrested, you say, because he was an American?

Dr. INMAN. He was arrested because he was an American, and he was taken to the prison, was made to walk on, and the populace themselves cried out "Shame" to the leaders, and they were compelled to get a carriage.

The CHAIRMAN. We want to get at the truth of this. Who was the Carranza general who released him?

Dr. INMAN. I do not remember who was in command at that time.

The CHAIRMAN. And you made this statement, and you still want it to go out as you have made it, that Huerta issued that order to arrest Americans in Mexico, and under that order many outstanding Americans, including our consular officers, were thrown into jail and kept there until released by Carranza authorities, who afterwards captured the towns where they were imprisoned?

Dr. INMAN. That is it; just exactly.

The CHAIRMAN. As a matter of fact, you say that this Mr. Hanna, or Gen. Hanna, whichever is correct, was arrested during a battle, and that battle was when the forces which were allied with Carranza captured Monterey, was it? That is the battle you have reference to?

Dr. INMAN. I do not remember what battle it was, or who was the commander.

The CHAIRMAN. Well, he was arrested during the battle and released almost immediately, because the Carranza forces occupied the town and they released him immediately?

Dr. INMAN. He might have been arrested before the battle.

The CHAIRMAN. How long before the battle was he arrested?

Dr. INMAN. I do not know. It was only, I think, a couple of days that he was kept in prison altogether.

The CHAIRMAN. How long was Dr. Silliman kept in jail?

Dr. INMAN. I think it was several months, several weeks at least.

The CHAIRMAN. Who else was kept in jail?

Dr. INMAN. The missionaries that were with Mr. Silliman at that time.

The CHAIRMAN. Where were they?

Dr. INMAN. In Saltillo, and some of our missionaries were arrested in Queretero and Guanajuato.

The CHAIRMAN. Were the telegraph lines in operation at that time?

Dr. INMAN. I don't know. I suppose a good many of them were cut, because it was—

The CHAIRMAN. Were the telegraph lines in operation between Saltillo and Monterey?

Dr. INMAN. I do not know.

The CHAIRMAN. Were they in operation between Monterey and the border?

Dr. INMAN. I do not know.

The CHAIRMAN. And couldn't Mr. Silliman and Gen. Hanna get a telegraphic message through to the United States?

Dr. INMAN. I do not know.

The CHAIRMAN. Was it possible for them to get a message through to the City of Mexico?

Dr. INMAN. I have no way of knowing what the condition of the lines were at that time.

The CHAIRMAN. Well, if the lines were down to Mexico City, how could Gen. Huerta get an order to arrest them?

Dr. INMAN. I do not say that they were down; I do not know what the condition of the lines were in there at that time.

The CHAIRMAN. Was anyone arrested in Mexico City, any American?

Dr. INMAN. I do not remember of any detail——

The CHAIRMAN (interrupting). Do you remember generally—did you hear of the arrest of any American in Mexico City under this Huerta order—where Huerta was?

Dr. INMAN. I say I do not remember of hearing of any individuals who were arrested.

The CHAIRMAN. Do you know Nelson O'Shaughnessy?

Dr. INMAN. Not personally; of course, I know of him.

The CHAIRMAN. Who was he?

Dr. INMAN. He was the *chargé*.

The CHAIRMAN. Where was he at the time we occupied Vera Cruz?

Dr. INMAN. If I recall accurately, he was in the City of Mexico.

The CHAIRMAN. He was in the city of Mexico? How did he come out?

Dr. INMAN. I think he stayed there for some time.

The CHAIRMAN. Was he released by Carranza?

Dr. INMAN. No.

The CHAIRMAN. Was he arrested at all by Huerta?

Dr. INMAN. Not that I know of.

The CHAIRMAN. Now, as a matter of fact, did you ever hear anything about what took place there?

Dr. INMAN. I suppose I have, but I do not have it clear in my mind. I read Mrs. O'Shaughnessy's book.

The CHAIRMAN. You never saw fit to recite any of those things in Mrs. O'Shaughnessy's book in your book, did you?

Dr. INMAN. Well, I——

The CHAIRMAN. If you had, would not you recall the fact that it is set out in that book that Mr. Huerta protected the American embassy and *chargé* and the Americans there, and when they left the city of Mexico they left under a military escort furnished by Huerta?

Dr. INMAN. I might have recalled that, but I think the other—that fact was so very definitely in my mind because I had friends connected with it. I do not remember about the Mexico City affair, but I did remember the fact of the various friends of mine being arrested.

The CHAIRMAN. Don't you know Gen. Huerta is dead, and he may be in one place or another; he may be now expatiating his sins, and do you think you are justified in placing this additional stain against his name—that he issued an order in Mexico to arrest all of the Americans in Mexico——

Dr. INMAN. That certainly is what I have understood from these missionaries who were arrested.



The CHAIRMAN. And yet you say that because in Saltillo and Monterey, where the Carrancistas were attacking the towns, that in the City of Mexico the Americans were not arrested——

Dr. INMAN (interrupting). I said Queretero and Guanajuato, in both places there were general orders to arrest all Americans.

The CHAIRMAN. Issued by Huerta?

Dr. INMAN. Issued by the authorities, and they carried out those orders and arrested missionaries.

The CHAIRMAN. Can you give the names of any of your missionaries who saw such orders? You did not see them yourself?

Dr. INMAN. No.

The CHAIRMAN. Can you give me the names of any of the missionaries who saw the orders?

Dr. INMAN. No; but I can give you the names of the men who were arrested. The orders are not generally shown in Mexico.

The CHAIRMAN. Don't you know that under the constitution of Mexico, which was observed by Huerta, you can not arrest a man without a written order for his arrest?

Dr. INMAN. I know that the orders were not shown.

The CHAIRMAN. I happen to have had more than once instances come under my personal observation——

Dr. INMAN. Well, lots of them were not shown.

The CHAIRMAN. And you only know of one instance?

Dr. INMAN. These missionaries were simply told that they were arrested under orders.

The CHAIRMAN. You state in your book that they were arrested under the orders of Huerta?

Dr. INMAN. Yes, sir.

The CHAIRMAN. And that was by word of mouth? They simply told them by word of mouth that they were arrested under orders of Huerta?

Dr. INMAN. Yes, sir.

The CHAIRMAN. And you put it down that he issued a general order?

Dr. INMAN. That is the understanding among all those people who were arrested in the different parts of the country.

The CHAIRMAN. There are various people here in this room, who were in Mexico at the time, some in the City of Mexico, who are fairly familiar with conditions there, and I believe that we can get some information from some of them.

Senator BRANDEGEE. What was understood to be the purpose of Huerta when he issued that general order? What was the reason for it?

Dr. INMAN. Well, his resentment at the invasion of the American troops.

Senator BRANDEGEE. And no charge was made against these people who were arrested under this order?

Dr. INMAN. No; but simply that they were Americans.

Senator BRANDEGEE. Why was it that Huerta did not arrest O'Shaughnessy, since he arrested Gen. Hanna?

Dr. INMAN. Well, he did not think it politic to carry out the same measures in the capital of the republic as he did in the smaller towns.

Senator BRANDEGEE. He was in control of the capital of the republic, was he not?

Dr. INMAN. Yes, sir.

Senator BRANDEGEE. And do you know of any American interest, corporation, or individual who was doing what you designate as exploiting the people of Mexico now?

Dr. INMAN. No; I do not.

Senator BRANDEGEE. Do you know of any foreign interests, other than American, who are exploiting them?

Dr. INMAN. No, sir.

The CHAIRMAN. Doctor, I notice on page 3, setting forth your purpose, you say, "What I hope to do, however, because I had special opportunities of knowing them, is to present the Mexican side of the question." What do you mean by that?

Dr. INMAN. Well, I mean, having lived in Mexico 10 years, and having known very intimately a number of Mexican people, including officials of the former government, officials of the present government, and a number of my own students in my own school having gone out into the revolution, and having known them personally, that I thought I had had special opportunities of knowing how the Mexicans think about the question.

The CHAIRMAN. And were you furnished any data by any Mexicans at all in compiling this book?

Dr. INMAN. No.

The CHAIRMAN. You had no assistance from them at all?

Dr. INMAN. No.

The CHAIRMAN. You have been out of Mexico several years? You were not there during the revolution?

Dr. INMAN. Well, I was there during, you might say, the worst part of the revolution.

The CHAIRMAN. When?

Dr. INMAN. Up to 1915.

The CHAIRMAN. At that time what position did your friend, Gen. Osuna, have—your special friend, Gen. Osuna?

Dr. INMAN. At that time Prof. Osuna was living in the United States.

The CHAIRMAN. Well, now, since coming out of there, and since Carranza was recognized in 1915, you had been living in the United States and had simply made one or two trips back there?

Dr. INMAN. Yes, sir.

The CHAIRMAN. Do you think that you are fully informed now, so as to write about what you call the Mexican side of the revolution, and present conditions in Mexico to the people of the United States?

Dr. INMAN. Mr. Chairman, I did not claim to know all about the subject, but I felt that I had a message to give to the people, and it was not my desire to put an extra book before the people, or anything of that kind, but I wrote that book from a sense of duty as an American citizen and as one interested in the missionary work in Mexico, and as one interested in Mexico itself, having a good many friends in Mexico in whom I have profound confidence; but at the same time it seemed to me that it was right for me to go forth, to give forth my general theory on the Mexican question and our relationships with that country.

The CHAIRMAN. How long did it require you to prepare this book? How long were you in writing it?

Dr. INMAN. Well, I wrote some of those chapters practically while I was in Mexico, in February, and the book was given to the printers, I think, about June. At that time I was working on it in whatever time I could get, mostly from 10 o'clock at night until about 2 or 3 in the morning.

The CHAIRMAN. No one wrote the book, or any part of it, for you?

Dr. INMAN. No, sir.

The CHAIRMAN. You wrote it all by yourself?

Dr. INMAN. Neither did anyone suggest that I write it.

The CHAIRMAN. And no one furnished you any data?

Dr. INMAN. No, sir; absolutely my own production; and nobody recognizes its weaknesses more than I do; but still I am not sorry that I wrote the book. I stand by what it says.

The CHAIRMAN. I have no reason to be sorry, Doctor; so we are both satisfied.

Dr. INMAN. I think if we could get a law cutting out authors writing so many books it would be a good thing; but as long as they are all writing them I thought I might as well get in.

The CHAIRMAN. As a merry pastime.

Dr. INMAN. "Of the making of books there is no end." It just happened. Mr. Chairman, that it came out at a time when people were interested in Mexico. I suppose you would not consider that providential, but I might.

The CHAIRMAN. You have it headed, "Intervention in Mexico"; and you say you were engaged in propaganda and publicity in opposition to intervention in Mexico. I suppose you chose a fortunate time to write it and to have it issued. I do not see that it just "happened" at all. That was your purpose, was it not?

Dr. INMAN. I mean to say, when I first began writing it there was not near the interest in Mexico as developed later.

The CHAIRMAN. I think your book has added largely to the interest. I think I can congratulate you that it has very largely added to the interest in Mexican affairs.

Dr. INMAN. Thank you, sir.

### TESTIMONY OF BISHOP JAMES CANNON, JR.

(The witness was duly sworn by the chairman.)

The CHAIRMAN. You may give your name, please.

Bishop CANNON. James Cannon, jr.

The CHAIRMAN. And your residence.

Bishop CANNON. My legal residence is at Blackstone, Va., but my official residence is at San Antonio, Tex.

The CHAIRMAN. And your occupation?

Bishop CANNON. Bishop of the Methodist Episcopal Church South.

The CHAIRMAN. What is your jurisdiction? I mean over what territory

Bishop CANNON. The reason for my appearance is I have been appointed by the College of Bishops to supervise all the work of our church in the Republic of Mexico, and among the Mexicans in Texas, New Mexico, Arizona, and California in the United States.

The CHAIRMAN. Very well. If you have any statement to make, you may now proceed.

Bishop CANNON. I wish to say very frankly that I do not qualify as an expert on governmental affairs or matters of that kind. I am simply here to state some facts which I think are pertinent to this hearing.

The Methodist Episcopal Church South has a membership of 2,500,000 and has worked in the Republic of Mexico for many years.

I was put in charge of that territory in June, 1917, and found that our missionaries had practically all been called out by the department, owing to the disordered conditions of the country, and the question was put squarely to myself as bishop of the church to determine a recommendation as to what policy we should adopt in the future. And so I called together a meeting of our leading missionaries and decided to go down into Chihuahua, which was the worst situation we had, and see for myself. I did go down, with the foreign secretary, and must confess that I was greatly surprised at some things I found there, and it was later confirmed on the visit I made this summer to the States of Nuevo Leon, Coahuila, and San Luis Potosi, that the missionary property has none of it been damaged; that both the bandits and the Government were entirely friendly to the efforts of the American missionaries to help the people. For instance, I went into the Collegio Palmo, which has been under the Diaz régime for a year. The school had not been open for four years. I turned on the electric lights, took the sheets out of the beds—or the women did who were in the house—and they got out some crockery and cooked something to eat for us, and there was nothing injured except a few broken window lights. I think that is a fact worthy of note, that the mission and the missionary property has not been molested or damaged where our church operates.

Of course, it may be that there is no question of gain involved there, and they may be a favored class, and no reason for bandits to pick pockets of a missionary or waylay him on the road.

The CHAIRMAN. You found that condition existed during all the time that your missionaries were out in Chihuahua, did you not?

Bishop CANNON. We found our property had not been damaged or molested.

The CHAIRMAN. That was during the time that Salazar, one of the bandits in that section of the country, was operating, and Morasco, Villa, Chao, or any of the other bandits.

Bishop CANNON. I found a condition there, of course, that was somewhat abnormal. I was surprised, though, to see that trade was going on more than I had anticipated from the headlines in the newspapers. And I will have to say as to the newspapers that I can not give the names of the newspapers. I read all the newspapers I can pick up. I have been part owner of a daily newspaper for nearly 10 years. I know newspaper reporters pretty well, and I know they are after news and after headlines; and sometimes it is not a matter of bias or prejudice so much as it is how much it will fill up and how much it will take to fill the space. I have seen them count them out with their fingers to see whether a word would go in a headline and make the proper sort of headline. Very often the headline, without any special disposition to misrepresent, does considerable damage. I was told I ought not to go into Chihuahua; that it was a mistake to take a lady down there, and I was running a great risk. While I

was there there was a raid within  $2\frac{1}{2}$  miles of the city, and a couple of men were hung to telegraph poles and cattle driven off by the Villa crowd, and when I got back there there had been a great battle, and a number had been killed. But I slept safely in Chihuahua that night, and the people knew of that raid. They were hunting for meat, and they knew a drove of cattle was going by at that time, and they chased them up and caught them and hung the two owners of the herd. Those in the city of Chihuahua all went about and felt safe and secure.

And so we determined to send our missionaries in. The State Department raised a little trouble about it at first.

The CHAIRMAN. Our State Department?

Bishop CANNON. Our State Department raised a little trouble about taking women down there, but after a conference with the Secretary of State he agreed to the proposition that a missionary had a right to be heroic, just as St. Paul did, and as he was going to save men it was not perhaps the proper thing for the State Department to say whether a man could not risk his life to preach the Gospel of Christ.

And so our missionaries went into Mexico that year, and we have had a year of operation. I want to confirm what Dr. Inman has said. Our schools have filled up. We have as many pupils as we can get teachers to care for, and people are paying a great deal more than I anticipated they could pay for the tuition of their children. We have our schools at Chihuahua, Saltillo, and Monterey in full operation, and I am trying to get more teachers to go down there and take care of the Mexican children whose parents wish them to attend American schools, and who are able to pay the money that is necessary to meet the expense.

Our churches are more largely attended than ever. I get reports from the missionaries in the field. I request them to send them to me every month, and some times I get them twice a month. In all these States the people certainly in the past year have been much more clear in their minds about the governmental conditions and are attending the church, and we have had large revivals. I think, perhaps, we have had more accessions to the church this past year, the old missionaries tell me, than they have had for many years.

As an illustration, I went in at Eagle Pass about the 1st of August in an automobile, a Ford car, and drove through the interior of the country. I was very much amused to read something some gentleman had written, who seems to be a German—Altendorf, I think his name was—in which he said it was not safe for anybody to go down there, that they would be murdered. I went out in that car with a Mexican driver and a missionary and rode into the interior of the State of Coahuila, after dark, after 10 o'clock at night. I remember I stopped at Allende. I found the Mexican people there sufficiently prosperous to put down \$6,000 if our missionaries would put down \$6,000 to build a new church, to cost \$12,000 in a town of about 10,000, which I didn't think was very bad, even for the United States. Over in Saltillo a man came from Turan, which was either in Nuevo Leon or Tamaulipas, and said, "If you will put down \$3,500, we will buy the lot and put in \$3,500 to build the church."

Now, those are straws, but they are the straws that come my way. I am not a business man, but I have to do with the business affairs

of the church, and I have been greatly encouraged, indeed delighted, with the growth of sentiment among our missionaries, that we should all go right in and that there was a most hopeful outlook in the Republic.

I don't think it is wrong for me to say—if you ask me for a list, I could give one, although Mexican names are not very easy for me to pronounce. I never studied Spanish. But I think, perhaps, as I was about to say, it is not wrong for me to say there was a conference in Saltillo about the 1st of August, and we had about 60 Mexicans there from the States of Chihuahua, Durango, Tamaulipas, Coahuila, and San Luis Potosi taking part in what we call our school centenary campaign. Of course, they were discussing intervention, the papers were discussing intervention, the people were discussing intervention, the United States were discussing intervention. I made it my business—of course, it was part of my business—to get the sentiment of those people. I talked with them privately, I talked with them in groups, and talked with my missionaries who have been there for 30 years.

The CHAIRMAN. You spoke in English?

Bishop CANNON. Oh, yes; but I had interpreters. There is not a missionary of our church that I know of that does not feel that intervention would be a great mistake. And I do not find any of our native Christians who do not think that intervention would be a great blow, not only to the aspirations of Mexico, but to the work of the church in that Republic. I suppose Mr. Inman can speak more forcibly, certainly with more information, with regard to the mission boards of the churches. The Congregationalists, Presbyterians, North and South; Disciples, North and South Methodists, and the Quakers are all active in the Republic of Mexico. I know Bishop McConnell's views, who is in charge of Methodist Episcopal work, and I think the conversations I have had with the secretary of the Methodist Episcopal board justify me in saying that I doubt if any of the missionaries think that intervention would not be a mistake.

I think that testimony is worth a great deal. These men have no aim in Mexico except the good of the people. These men have studied the situation, and are studying it all the time. While they are out in the interior they are studying it, back in town they are studying it, and they come in contact with the cross currents.

I tried to write down a few minutes ago, as I was sitting there, my idea of the situation, and I think it might be summed up something like this: The question is not whether in our judgment we could restore order in Mexico, whether we could make a more prosperous condition in the Republic of Mexico. We, perhaps, as Americans, think our form of government and our methods superior to any in the world. We might think we could do that, but that is not the question. And the Mexican people think that it is not. They might say we could do that, too. But the question is whether the people of Mexico desire our assistance in this matter, and whether we have a right to project ourselves into Mexico in a forcible way unless Mexico should do something that would justify an act of war. In other words, it seems to me that intervention is not a proper method to consider for Mexico. If the Mexican Government should commit an overt act which would justify war, such as it would be justified with any other nation, that is one thing; but because there is dis-

order in Mexico, because property values are rather in doubt, because Americans who go into certain sections for gain run the risk of their lives and some of them are killed, because all bandits in Mexico are like bandits anywhere else, they would kill anybody that comes along for money, or will hold him up, is not sufficient. Even in the good old State of Tennessee two weeks ago they held up a train on the Louisville & Nashville between Montgomery and Nashville, and took money out of the express car. And also, I might say, I was here at the race riots in this city. We know that even in our own Capital City that when people determine to kill folks, if they have hate or passion or any other reasons, they will do it. Now that, I think, is perhaps the question as it has presented itself to our missionaries.

There were one or two other matters I had in mind. I want to emphasize the statement of Dr. Inman. I had quite a conversation with Bishop Moore, in charge of the work of our church in South America, just the day before he sailed, in which he discussed my going down into Mexico again. He brought up the whole subject of Latin America, and he stated to me that while he was not in South America when the United States declared war against Germany, as a man of inquiring mind and endeavoring to get at the situation in the country that he was supervising, he did try to find out the attitude of those people toward the United States, as naturally that would influence the attitude toward our missionary work. And he found there had been a great change in the attitude of the people down there toward the United States since the beginning of the war, and especially since they had been convinced that the United States had no designs on Mexico; that the President did adopt the policy of watchful waiting; that the President did say that the strong ought to bear with the infirmities of the weak, and we ought to be patient with people in the throes of revolution, and with the natural consequences of such a revolution. And he felt that the whole South American question had been changed with regard to the spirit and attitude of the people toward the United States, and as a result of that our trade has developed in South America amazingly, and the missionary work is developing there. He said he believed that for us to change the policy toward Mexico which had produced such a result would have a far more important effect on South America than on Mexico itself, and that no statesmanlike policy could be evolved that would not have an effect upon our relations with the whole Mexican problem and all of Latin America.

Bishop Moore is a man of good judgment. He is one of the leaders of our church and has been for years. I am sure if he gets back in time from South America, where he is now, that he would amplify the statements I have made with regard to this matter.

We believe, gentlemen of the committee, that the best solution for Mexico would be the largest possible amount of sympathy for them, the bearing with their mistakes, remembering that she has about 70 per cent illiterate people who can not read a newspaper for themselves, and are dependent on other people to tell them what is going on in the world, and who are easily influenced by these things, and to realize that they have been and are under a tremendous handicap.

It need not be surprising if they have taken 10 years, it would not surprise me if they would take 20 years, to get through their period of strife and unrest and turmoil in trying to work out a solution.

Now, we believe if the policy of the church, which is the policy of helpfulness, is carried on, and we try to educate their leaders, as we are educating them, and try to show them that we really love them, that that will do more to bring the Mexicans closer to the United States than anything else. I may give an illustration which I think is worthy of mention. Last year, after seeing the State Department, the State Department said to me, "Now, if your missionaries will sign a statement relieving the Government of the United States from all responsibility for damages to property or life in the prosecution of their work, they can all go into any part of Mexico."

The CHAIRMAN. Did the State Department make that in writing?

Bishop CANNON. They told me if they would do that they would permit them to go.

The CHAIRMAN. I understand; but they didn't make it in writing at that time?

Bishop CANNON. No; but here is what happened.

The CHAIRMAN. I have no doubt of it having happened, but merely wish to know whether it had been made in writing.

Bishop CANNON. No; but here is what happened: I put the matter up to our missionaries, and I said, "Brethren, we are here to do the Lord's work, and we believe that we can go into Mexico and do that work. The State Department is rather doubtful about certain parts of Mexico. They will not let the wives of men who are engaged in business go down there with a passport. They will not give them passports in certain sections. Now, shall we go?" The laides of our mission board said without hesitation, "We will sign that waiver without the slightest hesitation. We don't think of such a thing as our own risk or danger." And certain Mexicans who had been anti-American heard that and said to me, "Well, whether all the Americans love us or not we can't say, but these people love us, or certainly they would not risk their lives, or say they would even run the risk of relieving their Government of responsibility, to come and help us." I think that spirit in Mexico will do more than any other sort of intervention. We believe in the intervention of the schools, the intervention of the hospitals, the intervention of the Gospel, to bring about the feeling that this Government is most anxious to lead Mexico out into a high state of government, even if our financial interests may not always develop to the state we would like them to be.

Now, that is the position that we feel should be taken in Mexico. I would be glad to answer any questions you like, Mr. Chairman.

The CHAIRMAN. You mentioned the little town of Allende?

Bishop CANNON. Yes.

The CHAIRMAN. Has that town another name?

Bishop CANNON. Allende?

The CHAIRMAN. Is it Allende Brava?

Bishop CANNON. I don't know.

The CHAIRMAN. Did you talk with the people there, any of the Mexicans, about the Carranza Government and how they felt about it?



Bishop CANNON. As a rule, I try not to get into any political discussions, but I did ask them in every case about the improvement in conditions. I said, "How do you feel about the situation now as over last year? Do you think the Government is more stable than it was? Do you feel more willing to make investments and carry on your work?" I always ask those things.

The CHAIRMAN. You asked those questions there?

Bishop CANNON. Yes.

The CHAIRMAN. What was the general tenor of their answers?

Bishop CANNON. All but one man, he was inclined to think that the Americans would come in there and destroy, and it didn't make any difference what Government they had; it wasn't worth while to do anything, because the Americans were going to come.

Senator BRANDEGEE. What did he mean about destroying everything?

Bishop CANNON. Destroying the Government, overturning the Government. They all agreed that if America would come in, there would certainly be results, there would be certain results that would come, if we put enough troops down there. But the most of them think, Senator Fall, that conditions have improved.

The CHAIRMAN. I have a petition which I will read in the record from the citizens of Allende. That is the reason I asked the question.

Bishop CANNON. I talked with Mr. Figueroa. I took dinner with some other gentlemen, whose sons were there. Both of them talked English very well. And the officers of the church were there. They said conditions had improved. I take it they were in favor of the Carranza government, but they didn't go into that.

I went to Zaragossa, and Murelas or Morelos—I believe it was Morelos; I never can distinguish one of those towns from the other—where they were proposing to run a railroad. They were grading it then. I didn't suppose there was any railroad construction going on anywhere, but down in Mexico they were grading a railroad to go from Del Reo to Allende.

The CHAIRMAN. Doctor, you say your schools are in Monterey, Chihuahua, and Saltillo?

Bishop CANNON. Yes, sir; and Durango.

The CHAIRMAN. And Durango?

Bishop CANNON. Yes; and we have a day school at Parral and Torean. There is a very valuable school property in San Luis Potosi, although we have not opened that.

The CHAIRMAN. Did you go to Parral?

Bishop CANNON. No; I did not go to Parral. Parral is a danger spot.

The CHAIRMAN. Has any of your property been destroyed at Parral?

Bishop CANNON. No, sir.

The CHAIRMAN. Villa has recently made a raid at Parral?

Bishop CANNON. Yes. We have not sent any American ladies there. We have all Mexican teachers and an American man who is presiding elder.

The CHAIRMAN. You say that Parral has been a danger spot?

Bishop CANNON. Yes, sir. I think it is now perhaps the worst spot in the State of Chihuahua, from the reports the missionaries send me.

The CHAIRMAN. What did you observe as to the Mexican schools—that is, not the church schools?

Bishop CANNON. In the city of Saltillo the governor very courteously invited me to call on him, and then sent his secretary with me to inspect the State normal school, which was an amazing thing to me. I had no idea there was such a thing in Mexico. It runs 10 months in the year, paying the teachers \$100 to \$125 a month. And really, when I walked in the alameda in Saltillo, walked around at night, I found the young people courting there like anywhere else, people driving around in automobiles.

The CHAIRMAN. When was that school established?

Bishop CANNON. The normal school?

The CHAIRMAN. Yes.

Bishop CANNON. The normal school was established, I think, when Asuna was principal. I think the building was erected before the revolution, when Carranza was governor of Coahuila. No; I guess it was further back than that.

The CHAIRMAN. In the Diaz administration?

Bishop CANNON. It is being maintained now in very fine shape.

Chairman FALL. Outside of the normal school, what have you to say about the day schools generally in that State?

Bishop CANNON. Take Allende, for example: They have 10 teachers there, and they told me they were getting from 75 to 150 pesos, and they were supposed to run 10 months in the year, but I don't think they run quite that long. But they don't have all the teachers they need. They are greatly handicapped by lack of sufficient teachers.

The CHAIRMAN. They have plenty of funds?

Bishop CANNON. No; I would think not.

The CHAIRMAN. Do you know about the schools in Chihuahua? Do you know whether the public day schools are running or not?

Bishop CANNON. I don't think they are at present. I should say that was in a much more demoralized condition than any other part of the northern part of the Republic.

The CHAIRMAN. Did you make any investigation at all as to the system used prior to the revolution in 1910?

Bishop CANNON. The system of schools?

The CHAIRMAN. Yes.

Bishop CANNON. No; I did not.

The CHAIRMAN. I thought possibly it might have interested you to know what the system was prior to that?

Bishop CANNON. I was obliged to go to Europe and stay four or five months, and I did not catch up with that feature of it.

The CHAIRMAN. I suggest it would be very interesting if you would take the school reports of the State of Chihuahua for the year 1909.

Bishop CANNON. Before the revolution?

The CHAIRMAN. Yes. You will find then instead of one normal school they had two, two agricultural colleges, 60 postgraduates from the normal schools taking postgraduate courses in Europe, 22,000 children in daily attendance on schools for that district, and

had a school in every little municipality and every little settlement in the entire State out of a population of 327,000, including Indians. I was interested in that at that time, not in the same way that you are, but I was very much interested in the schools. I have that list and will place it in this record at a later time.

Bishop CANNON. There is no question, Senator, that the disorganization following the revolution and turmoil and banditry must have a very demoralizing effect on rural education.

The CHAIRMAN. I was simply calling your attention to the statement, which has been commented upon by others, that Diaz did not foster education in Mexico, and I have heard it recently commented upon and I think in some of the papers we have here. Another interesting book is some of Mr. W. J. Bryan's lectures.

Bishop CANNON. Mr. who?

The CHAIRMAN. William Jennings Bryan. "Under Other Flags," I think, is the name of the book. He recites some facts with reference to the schools of Mexico coming under his observation. It is some very interesting matter.

Bishop CANNON. Mr. Bryan is always interesting.

The CHAIRMAN. Yes.

The CHAIRMAN. Doctor, you say that you talked with Dr. Moore, who had been to Latin American countries, with reference to the better feeling among the Latin Americans generally toward the United States because of our course in the war?

Bishop CANNON. Toward Mexico.

The CHAIRMAN. Did he mention any specific instances of our connection with any Latin American countries aside from the fact that we had done nothing with Mexico, as having brought about that better feeling?

Bishop CANNON. Well, of course, we discussed that in a general way, and our attitude toward Cuba as also having had a tendency to intensify that feeling. He said that the feeling was that we were not really endeavoring to dominate Mexico.

The CHAIRMAN. We did, however, intervene in Cuba and set up a Government for them?

Bishop CANNON. So we did, but let them go afterwards. But Spain was in there.

The CHAIRMAN. Yes; but did Dr. Moore mention Santo Domingo?

Bishop CANNON. No; we were discussing Mexico, especially as to the question of intervening in Mexico.

The CHAIRMAN. I thought you were discussing the good feeling in Latin American countries because of our attitude in the war.

Bishop CANNON. He said, in his judgment, it would have a very damaging effect on the question that I have already gone into.

The CHAIRMAN. He did not discuss our treaty with Nicaragua?

Bishop CANNON. No.

The CHAIRMAN. Nor of the denunciation by Nicaragua of the Supreme Court?

Bishop CANNON. No. I was bishop in charge of Mexico and he in South America, and we discussed simply those two situations.

The CHAIRMAN. He did not discuss our actions with reference to Costa Rica? In other words, he said because we had not intervened in Mexico they had a better feeling for us in Latin America?

Bishop CANNON. Not only because we had not intervened, but because we were lenient; our policy toward Mexico had been kindly, and we had treated them as people who were in the throes of a revolution.

The CHAIRMAN. You yourself know nothing about whether there has been any feeling engendered by our treatment of any other Latin American country?

Bishop CANNON. In South America?

The CHAIRMAN. Yes.

Bishop CANNON. No; I do not. I am not acquainted with South American conditions except as I read them.

The CHAIRMAN. You know under the Diaz régime we had stopped revolutions in Central America and stopped the fighting between themselves by our action joined with that of Mexico, of course?

Bishop CANNON. I say I am not qualifying as an expert.

The CHAIRMAN. Well, this is a matter of historical interest, and you are interested, of course, in your work in Latin America.

Bishop CANNON. You ask me if I know that, and I might say yes; but if you asked me to go into specifications I would not be able to do so.

The CHAIRMAN. I was just asking you whether you knew it, and then I was going to follow that by asking you whether you knew that this alliance which we created and the supreme court which we assisted them to create and to which they agreed to leave all disputed matters has been broken up entirely, and as to whether you knew the reason of the breaking up of that.

Bishop CANNON. No; I never investigated that.

The CHAIRMAN. With reference to these statements that your missionaries were told they could sign, that is, told by our State Department that if they did sign them, waiving all claims for damage or injury to person or property, they might go into Mexico; did your missionaries sign those statements?

Bishop CANNON. I am inclined to think two or three of them did; but this is true, that the consul—I think his name is Graham—in Chihuahua, and the State Department said, "Now, you understand that does not mean that the State Department is not going to assist you in every way it possibly can, but if you go in there contrary to our advice, and we tell you it is not wise for you to do so, and we would not allow anybody but a missionary to go in there, then you must take it on the Pauline basis, that if bonds and afflictions abide you, that is gospel." That was the general attitude.

The CHAIRMAN. And the Government would not then interfere and try diplomatically to collect any damages to persons or property?

Bishop CANNON. I did not mean that they would not do all they could. They said they would do all they could, but they were making an exception in the cases of the missionaries over anybody else.

The CHAIRMAN. I understand that because they are not issuing passports to other people at all from time to time, and then they do issue such orders and do issue passports, but with reference to your missionaries at the time you speak of, they told you that you might go in there provided you would sign a waiver.

Bishop CANNON. Yes; that in the event the Government could not protect us that we had gone in there contrary to the advice of the Government.

The CHAIRMAN. But I understood you to say that that waiver was that you would go at your own risk and that there would be no claim for damages?

Bishop CANNON. That you would not hold the Government responsible for your actions; that is about the sum of the waiver; that the Government was not held responsible for this action.

The CHAIRMAN. Which government? Our own Government?

Bishop CANNON. Our Government.

The CHAIRMAN. You say you think those waivers were signed?

Bishop CANNON. I think two or three of them were; yes, sir.

The CHAIRMAN. You do not know of any copy that is in existence?

Bishop CANNON. No; I do not.

The CHAIRMAN. If signed, it would be, of course, filed with the State Department here?

Bishop CANNON. I should suppose so, yes. It would not be of any value unless it were.

The CHAIRMAN. Well, unless there are some orders to the contrary, those passports were being issued at the border ports and not directly by the State Department. That is the reason I asked you if you knew whether they were filed.

Bishop CANNON. I got most of these passports and I think they were issued here.

The CHAIRMAN. That is what I want to know.

Bishop CANNON. I think I arranged for all the passports here.

The CHAIRMAN. Thank you, that is the information that I wanted. You say that you know nothing about the schools in Chihuahua and these other places; that you have not investigated as to the number of teachers and the number of schools and the number of normal schools, and so forth, prior to your connection directly with the schools?

Bishop CANNON. The State schools, you mean?

The CHAIRMAN. Yes.

Bishop CANNON. Only in a general way, just as I know with reference to our schools, that, of course, we had a very much larger attendance before the revolution.

The CHAIRMAN. You did have a larger attendance before the revolution than you have now?

Bishop CANNON. Yes.

The CHAIRMAN. You are now building it up rapidly?

Bishop CANNON. Just as fast as we can get the teachers. It is difficult to get the teachers.

The CHAIRMAN. Were you in Chihuahua in 1907, when you first went to Mexico?

Bishop CANNON. No; I stopped at Monterey, at Saltillo, at Mexico City, at Pueblo, and another place there that I have forgotten; Queretero, I believe.

The CHAIRMAN. Prior to 1910, when your schools had a better attendance even than they have now, did the people pay as liberally for the education of their children as they are paying now?

Bishop CANNON. Do you mean are our charges as large?

The CHAIRMAN. You have stated here that the people were anxious to pay, and were very much better able to pay, for the education than you thought they were.

Bishop CANNON. Yes; than they were a year ago.

The CHAIRMAN. Well, did they pay as much or practically as much prior to the revolution as they do now?

Bishop CANNON. I do not know whether our charges were more then or not.

The CHAIRMAN. Your attendance was greater, you say?

Bishop CANNON. Yes; we had a larger sweep of territory then and our church was not confined to as small a territory. We had more teachers and we had more scholars.

The CHAIRMAN. I mean in the individual schools; I am not speaking of the aggregate; what was the comparison, with your school at Chihuahua then and now?

Bishop CANNON. I should suppose at one of the largest schools in northern Mexico, whose work had gone on for many years without interruption, we must have had twice as many students as we had at the beginning of last year. This year they report to me that their attendance is going to be very much greater after a year. That is the point I am making, comparative progress in a year.

The CHAIRMAN. You are not comparing, then, with further back?

Bishop CANNON. I am comparing the advance with the improved conditions in Mexico during this past year.

The CHAIRMAN. In so far as your churches and schools are concerned?

Bishop CANNON. Yes; and the ability of the people to pay money for church privileges.

The CHAIRMAN. But you are not comparing the business conditions or any other conditions except those with which you are personally familiar?

Bishop CANNON. No; except in Monterey. I saw Mr. McMillan there, who is president of the National Candy Factory. He is an American. He said that they were running now to their full capacity of materials; that they could not possibly supply the demand for candies in their territory, and the trade was increasing all the time. I thought that that was pretty good when candy was being sold around pretty generally. Then, the president of the bottling works there is an American and happens to be a Methodist. He was not able to meet the demands for bottled goods—not intoxicants, but soft drinks.

The CHAIRMAN. You do not know anything about the conditions in the candy business or bottling business?

Bishop CANNON. No; only the improvement as he tells me for the past year or two. Mr. Sharpton, down in San Luis, who is one of the leading American business men there, told me that intervention no doubt, if it were brought into effect, would greatly stabilize American property interests there and would give them more money at first, but that the Mexicans could not possibly stand for it; that they would fight it right along, and he was obliged to confess that his business for the past year had increased 100 per cent. I think his name is Mr. Alexander Sharpton. He is quite a prominent business man in San Luis.

The CHAIRMAN. Doctor, another question now. Are you familiar with the Mexican constitution, the present constitution?

Bishop CANNON. Only the part that I have had to study with reference to church properties, and I read over something about oil lands.

The CHAIRMAN. With reference to church properties—we will confine ourselves to that and to teachers and ministers—have your foreign missionaries, Americans, the right under the present constitution to follow their calling in Mexico?

Bishop CANNON. Under the Mexican constitution no foreign minister is allowed to administer the sacraments, as I understand, but they are not prohibited from holding conferences, from exhortations, from preaching. I preached there just the same as I did in the United States and held conferences, but I did not administer the sacrament of the Lord's Supper; the Mexican pastors did that. That is the constitution as I understand it now. And I think that applies to the Roman Catholic Church as well as to the Protestants; that the Mexican priests are allowed to administer the sacraments, but not the foreign priests.

The CHAIRMAN. It applies to all denominations alike?

Bishop CANNON. Yes.

The CHAIRMAN. Do you think that condition is confined to the sacraments and not to preaching?

Bishop CANNON. Well, the various sacraments.

The CHAIRMAN. It does not prohibit public service?

Bishop CANNON. Well, I have been down there and held public service.

The CHAIRMAN. If you did, of course, you did not violate the constitution?

Bishop CANNON. Not at all; but I would not administer the sacraments. However, I did talk. They might not call it preaching, but I did talk and was interpreted. I did not call it preaching, because I was interrupted all the time.

The CHAIRMAN. Who interpreted for you?

Bishop CANNON. Rev. Lawn Pasco.

The CHAIRMAN. He was one of your missionaries there?

Bishop CANNON. Yes.

The CHAIRMAN. And a native?

Bishop CANNON. Yes.

The CHAIRMAN. Do you think you would have been allowed to talk without violating the constitution if you had not had a pastor interpreting?

Bishop CANNON. Well, our missionaries do. That is my understanding, Senator, that it is altogether a question of the sacraments, and not a question of what we would call exhortations.

The CHAIRMAN. You had your conference at Saltillo, and you say there were some 60 of your missionaries in attendance?

Bishop CANNON. Not missionaries; missionaries and workers.

The CHAIRMAN. You did not hear any criticism, of course, of the Mexican administration at all there?

Bishop CANNON. Oh, I would not say that; no.

The CHAIRMAN. You did not hear any public criticism, however?

Bishop CANNON. No. I talked very freely with these gentlemen. I heard criticisms of President Wilson. Sometimes people criticize him, even to me.

The CHAIRMAN. You hear that in the churches, do you not?

Bishop CANNON. Not much.

The CHAIRMAN. You have heard it, have you not?

Bishop CANNON. Some. Most of the churches are for the President's league of nations policy, I think.

The CHAIRMAN. I was not discussing the league of nations. That is another proposition.

Bishop CANNON. I really thought that was what you asked me about.

The CHAIRMAN. Are you familiar with article 130 of the Mexican constitution?

Bishop CANNON. Not by number.

The CHAIRMAN. Well, are you familiar with the article of the constitution which prohibits any minister from discussing governmental affairs, or criticizing the administration?

Bishop CANNON. No; I do not know of that.

The CHAIRMAN. That is article 130 to which I have reference.

Bishop CANNON. There was nothing said publicly. It was in private discussion with my own people.

The CHAIRMAN. We have no law or constitutional provision in this country prohibiting anything of that kind, have we?

Bishop CANNON. No; I think not.

Senator BRANDEGEE. Do you know what the feeling of the Mexican people was in regard to the Vera Cruz expedition that we sent down there?

Bishop CANNON. That was before my day.

Senator BRANDEGEE. You are not familiar with that?

Bishop CANNON. Not except from the newspaper headlines and what I have seen.

Senator BRANDEGEE. Some of them have referred to it in the talks with you?

Bishop CANNON. I do not think so.

Senator BRANDEGEE. Who was the official of the State Department who agreed to give you the passports, provided you would waive protection or indemnity? You say the department told you. There must have been some person in the department who did that.

Bishop CANNON. I laid before the department letters from——

Senator BRANDEGEE. Did you do that personally?

Bishop CANNON. Yes, sir.

Senator BRANDEGEE. What person in the State Department did you go to see when you laid these things before the department?

Bishop CANNON. I saw first Mr. Canova, who was in charge of Mexican affairs, and I had with me letters from the American board of commissioners in Boston, the Presbyterian board, the Methodist-Episcopal board, and, I think, from Mr. Inman I had a letter, too.

Senator BRANDEGEE. I did not care about the things you laid before him or where you got them, but whom did you see there first, Mr. Canova?

Bishop CANNON. I saw Mr. Canova and he turned down the granting of the passports. I said, "I can not be satisfied with this; I will get letters from the various boards setting forth the attitude



of the churches in this matter, and insisting that our missionaries be allowed to go into this country if they are willing to take the risk of their own lives; that the Government has no right to block the Gospel of Jesus Christ this way"; and I then got these letters from Bishop McConnell and from the various boards and brought them back. My recollection is that there was a gentleman by the name of Crane. Was there such a man there?

Senator BRANDEGEE. Yes; there was.

Bishop CANNON. It seems to me there was a gentleman there by the name of Crane, to whom I turned over these documents and said, "I would like to have the ruling of the State Department on this matter, for it is very vital." A day or two later I saw him and he told me that the State Department had decided that he missionaries ought to be in a special class, not only in Mexico, but in all countries, but that when they insisted on going into a country contrary to the advice of the Government, that the Government would not guarantee their lives and property; that they must take it at their own risk; and if they would sign a statement to that effect—now I have never seen the statement worded, but that was the effect of it—that the passports would be granted, and I think two or three of the missionaries did sign those statements, but I could not say to-day who they were. That did not apply to men; that was only for women.

Senator BRANDEGEE. What did not apply to women?

Bishop CANNON. That paper. They were allowing men to go in, in other words.

Senator BRANDEGEE. The men did not have to sign a waiver?

Bishop CANNON. No; because they were giving passports to men right along, but they would not give them to wives.

Senator BRANDEGEE. If a woman went in, she went in at her own risk?

Bishop CANNON. She went in contrary to the advice of the State Department, and simply on the basis that she was a missionary and felt that she ought to do it; and, of course, that the authorities of her church felt that it was safe. Of course, I had to bear as much of that responsibility as anybody else, to say that I think it is safe and wise for you to go in there, and I think they went there largely on my judgment as anything else.

Senator BRANDEGEE. Those were the two only men in the department with whom you had any communication—the two whom you have mentioned?

Bishop CANNON. On this subject, yes. One minute. First, I took it up with the Bureau of Citizenship, and they said I could not do that, that I would have to go to the Mexican chargé d'affaires, but that was routine.

Senator BRANDEGEE. As I understand it, if a woman teacher wanted to go and the department did not want her to go and advised her not to go and she insisted, with the consent of her church and the official in her church, that they then would issue her a passport, but she had to sign a waiver that if she was damaged, either in person or property, the department would do what they could, but she must not attempt to hold them responsible?

Bishop CANNON. No; because she was going contrary to their advice.

Senator BRANDEGEE. Now, will you give me the names of five or six of the gentlemen, one of whom you think signed such a statement?

Bishop CANNON. They were ladies, not gentlemen.

Senator BRANDEGEE. Will you give me the names of any of those ladies?

Bishop CANNON. I think the party at that time was composed of Miss Booth, Miss Massey, Miss Wynne, and Miss McCaughan.

Senator BRANDEGEE. What year was that in, Doctor?

Bishop CANNON. Last year.

Senator BRANDEGEE. 1918?

Bishop CANNON. Last summer; yes. The next month they were allowed to go in. Mr. Lancaster was allowed to take his wife and sister in without any waiver, I know; at least, I am pretty sure of that.

Senator BRANDEGEE. Well, was it your understanding that these ladies who waived any demand or claim for damages agreed not to hand in to the State Department any claim for damages if they were damaged?

Bishop CANNON. My understanding was this, Senator, and I think I try to make it clear, that the Government warned us, told us frankly, "We do not want to issue these passports, and we will not issue them to anybody except missionaries, but if you insist and these women insist that they ought not to be deprived of the opportunity of carrying on Christian work, and if they go in contrary to our protest and advice, why we will allow you to go in; we do not feel that we ought to step in in a spiritual matter like this, but we think it is only fair that the Government should be protected in this matter." As I say, I have not seen the form of statement, whether it said that this is contrary to our advice, that the Government will do all it can to protect you, but it must say to you that the responsibility of life and property in this case is not the same as it would be in the case of an ordinary passport.

Senator BRANDEGEE. But you do not know what was in the paper that these ladies had signed before they could get their passports?

Bishop CANNON. I have not seen the wording, but it was that substance.

Senator BRANDEGEE. I am interested to know how far an American citizen had to waive his rights of protection by the Government when he went into Mexico, but I will have to get that from the State Department.

Bishop CANNON. I do not think anybody did except the missionaries.

Senator BRANDEGEE. But the missionary men did not do that, you say?

Bishop CANNON. No; they did not.

The CHAIRMAN. They went in there with the same protection that any other citizen would have, but their wives or other women went in there without such protection?

Bishop CANNON. The Government granted passports not only to missionary men but to other men. The Government did not grant passports to wives and other women. It was contrary to their policy. This was an exception to their policy.

Senator BRANDEGEE. Do you think it was a good policy?

Bishop CANNON. I do. I think the missionary ought not to be prohibited if he is willing to take his life into his hands; man or woman, he ought to be allowed to do it.

Senator BRANDEGEE. That is not what I mean. Do you think it was a good policy of the Government to allow its obligations to protect its male citizens, but to deny the female citizens any protection if they went into Mexico?

Bishop CANNON. I think the Government did just right about it, because I think the Government said to other men, "You can not take your wives to Mexico; we do not think it is wise for you to do so. A man can take care of himself better than a woman can, and we will not give you a passport for a woman down there." But here comes the missionary woman. She says, "I do not think you have a right to stop me from carrying on my work down there." The Government says, "You must do this; otherwise every other wife and every other woman can come along and say, 'Well, you gave her a passport, and you can give me one.'"

Senator BRANDEGEE. I think if a lady had a right to go in, and said so, she ought not to be compelled to abandon the protection of the Government.

Bishop CANNON. But she did not say so, Senator, as the Government could protect her.

Senator BRANDEGEE. But the paper meant something.

Bishop CANNON. It did. She went in contrary to the advice of her Government.

Senator BRANDEGEE. It meant that she did not have as much protection if she suffered damage as if she had not signed a waiver.

Bishop CANNON. It meant that she signed in advance.

Senator BRANDEGEE. It meant she had to sign a waiver.

Bishop CANNON. It did.

Senator BRANDEGEE. Then, she did not have as much protection as a man did who waived nothing.

Bishop CANNON. Because she was in more danger. The Government would not grant passports to France.

Senator BRANDEGEE. It might be that she ought to have more protection.

Bishop CANNON. Possibly so. I wanted my wife to go with me to France. They let me go twice, but they would not let my wife go.

Senator BRANDEGEE. I am not criticising you or your wife, but I was wondering if the attitude of the State Department was everything that an American citizen could desire.

Bishop CANNON. It seems to me it is at least in accord with their policy toward every woman.

Senator BRANDEGEE. I thought you said it was different because it was an exception, that they would not let other women go at all, but they let these go if they waived their rights.

Bishop CANNON. The other women could not go at all, and if these went they had to take an exceptional course.

Senator BRANDEGEE. An exceptional risk.

Bishop CANNON. Yes. And I want to say that the State Department was very much opposed to that, but the church boards felt it struck at the very root of missions if the missionaries were to be told that they could not risk their lives for their work.

The CHAIRMAN. Do any of your ladies have to sign any waivers going anywhere in China?

Bishop CANNON. I think they would if conditions——

The CHAIRMAN. Well, I asked if they did?

Bishop CANNON. They have not because they are not asking to go into disturbed areas.

The CHAIRMAN. They have been; and men, too, have they not?

Bishop CANNON. Well, I do not know of any seeking passports recently.

The CHAIRMAN. Well, I am not speaking only of the recent days, but former days.

Bishop CANNON. Well, I can not tell you what had been the policy of the State Department back many years. I do not know.

The CHAIRMAN. You want to catch a train, I believe, Doctor?

Bishop CANNON. Yes, sir; I have no objections, though, to answering any other questions.

The CHAIRMAN. If you stay over, Doctor, and have anything additional that you would like to say we shall be glad to hear you.

Bishop CANNON. I have not anything further to say, but I would be glad to answer questions if the committee has any they desire to ask.

The CHAIRMAN. There will be some questions along the line of your examination, but as we have Dr. Inman here we can talk with him.

(Whereupon, at 5 o'clock p. m., the subcommittee adjourned to meet at 11 o'clock a. m. to-morrow, Wednesday, September 10, 1919.)

# INVESTIGATION OF MEXICAN AFFAIRS.

WEDNESDAY, SEPTEMBER 10, 1919.

UNITED STATES SENATE,  
SUBCOMMITTEE OF THE COMMITTEE ON FOREIGN RELATIONS,  
*Washington, D. C.*

The committee met at 11.20 a. m., pursuant to adjournment, in room 422, Senate Office Building, Senator Albert B. Fall presiding.

Present: Senators Fall (chairman) and Brandegee.

The CHAIRMAN. The committee is in order. Let it be noted that Senator Smith is absent on account of illness.

Dr. Winton, will you be sworn?

## STATEMENT OF DR. GEORGE B. WINTON.

(The witness was duly sworn by the chairman.)

The CHAIRMAN. Doctor, where do you live?

Dr. WINTON. Nashville, Tenn.

The CHAIRMAN. Are you one of the committee representing the League of Free Nations or associated with the League of Free Nations in Latin-America work?

Dr. WINTON. I became associated with the League of Free Nations about six weeks ago, I think, when I joined. I do not understand that they are particularly engaged in Latin-American work. You may be thinking about the Mexican committee, of which Dr. Inman spoke.

The CHAIRMAN. I ask whether you are a member of the League of Free Nations or an associated committee.

Dr. WINTON. Yes; I became a member of the League of Free Nations, and also became a member of their Mexico committee. That is the specific committee that I am connected with there.

The CHAIRMAN. You are mentioned in this letter, a letter received from Mr. McDonald, of the League of Free Nations, as one of the gentlemen they would like to have appear before the committee.

Dr. WINTON. So I understood. I got notice from them and left home very hurriedly without opportunity to provide myself with documents, and so forth, and I am afraid I shall not be of much assistance to the committee, as I have not been to Mexico recently; but I have for a long time taken an interest in the country.

The CHAIRMAN. Any documents you may desire to file with the committee you may mention now and send to us later.

Dr. WINTON. I will be very glad if the committee will put among its papers a report on educational conditions in Mexico, of which I have a copy here that I can not leave with the committee because it

belongs to the bureau of education. They were kind enough to lend it to me, that I might have it on exhibition here.

The CHAIRMAN. We will be very glad to have that.

Dr. WINTON. I might say I have written a couple of books on Mexico, but two of them were by request. I want that to stand in the record, too.

The CHAIRMAN. Would you like to file those books?

Dr. WINTON. Well, if the committee feels that it would like to have them in its library, I will be very glad to do so.

The CHAIRMAN. We will be glad to have you file them.

Dr. WINTON. I do not want Dr. Inman to get too much over me in propaganda of his book, although I am afraid that mine are not so interesting as his.

The CHAIRMAN. You say you have had some experience in Mexico. Do you prefer to make a statement in your own language at the present time, or do you prefer to have questions asked you?

Dr. WINTON. Well, I should make only a very brief statement. I was acquainted with Mexico, became acquainted with Mexico first in 1884. I went there four years later, in 1888, and remained in the country and on the border for about 14 years, until 1902. I have made repeated trips to the country since then; I don't know how many, but the last one in the spring of 1917, more than two years ago. Since then I have read, of course, pretty industriously, and written somewhat, and in recent years, since it was possible to do so, I have been getting regularly daily papers from Mexico, and I try to read every day, and in that way keep myself in touch with affairs there. I have a good many correspondents down there, also, I may say.

During the period of my residence I was rather unusually well favored, I may say, in my opportunities to get in contact with the Mexican people. My work as an educational missionary put me in touch with the classes that the missionary agencies must reach, the poorer and ignorant classes, but by various happy accidents I became also well acquainted with what are usually spoken of as the well-to-do people. I knew Gov. Carlos Díez Gutiérrez and Mr. Blas Escontria, then president of the State institute, afterwards governor, and also Don José Espinosa y Cuevor, also governor at a later date.

As a consequence of those associations and of my studies since then I have developed some very definite sentiments, I might say, and a few more or less pronounced opinions, and one of my sentiments is a sentiment of very strong friendship for the Mexican people. They appeal to me, and I have a number of very dear friends among them; and on that ground and on the ground of not favoring war anyhow, I am always at once aroused when I see, as I think, any danger of war with Mexico. I consider, as the outcome of my studies, that the population of Mexico is in many ways a superior population to those of most of the Latin American countries. The Indians of the country were in a better stage of civilization than even those of Peru, and, of course, far better than those that were found in what is now the territory of the United States. They make good material for citizens, in my opinion, and the mixture of the Spanish stock, of course, has strengthened the population, and I have always cherished the hope, and even the belief, that ultimately Mexico will be able to solve its political problem, and I

have freely said, in referring to the matter, that I have considered that the continuous failure of the country up to the present was not so much the fault of the people as their misfortune. They had a long training, if you can call it that, under autocratic government. They had no training in democratic institutions. And yet, for reasons sufficient to themselves, perhaps in part because of their proximity to the United States, they are not willing to accept any form of government except the republican, popular democratic form. I am using all those adjectives, you understand, in their nontechnical sense.

Two or three attempts, as you know, have been made to establish monarchies and dictatorships there, and some of them have been temporarily successful; but the people seem infatuated with the idea of being a federated republic, and the first constitution which they adopted after they secured their liberty from Spain was largely taken from the Constitution of the United States, and they have kept to that model more or less during all these years, now nearly a hundred years.

Unfortunately, that was not a very good fit in Mexico. There was no foundation for independent sovereign States there such as the original colonies of this country supplied. They had been accustomed to a centralized government, and probably would have been better off with a centralized government. But unfortunately, also, the elements in the population that believed in a centralized government were those elements that were related to the old Spanish administration and were looked upon by the people who had fought for their liberty as reactionary; and so it has been a sort of touchstone of liberty in Mexico, to have a federated form of government.

I have watched their struggles during this century to establish themselves on a basis of self-government with very great sympathy, I may say, and do still. I do not think I need make any further statement than that except that I have felt, with others, that the exaggerated—if they are exaggerated—statements of disorder in Mexico, and of the weaknesses and failure of the administration there, have a tendency to make the impression on the mind of the average man that there is no remedy for the situation in Mexico, but that we must remedy it, and preferably and probably by force from the outside. That, naturally, I have deprecated and have tried to counteract.

THE CHAIRMAN. Doctor, you speak of the population of Mexico generally. How many languages are spoken in that country, if you remember?

DR. WINTON. There are a number of tribes of Indians who still preserve their aboriginal tongues. Some of them speak some Spanish and others almost no Spanish at all. I do not remember just how many there are. The number of important tribes is not great, but the number of unimportant tribes is still quite large.

THE CHAIRMAN. I think the ethnological reports, even the more recent of those reports from the Smithsonian Institution, speak of 50 distinct languages in Mexico, as well as innumerable dialects.

DR. WINTON. Yes; I think that is correct.

The CHAIRMAN. Doctor, have you ever been in my State, New Mexico?

Dr. WINTON. Only in transit, I think, Mr. Chairman, on the railway.

The CHAIRMAN. You know, however, more or less of the history of my State?

Dr. WINTON. Yes, in a very general way.

The CHAIRMAN. You have met native people of my State, have you?

Dr. WINTON. No; I could not say that I have. I have known a few individuals, but it has just so happened that I have not had occasion to stop over in New Mexico.

The CHAIRMAN. What is your general impression or opinion as to the comparison between the people of New Mexico, the original stock of New Mexico, and the Mexican people, of whom you speak? You know that in New Mexico there are numerous Indian settlements?

Dr. WINTON. Yes.

The CHAIRMAN. What is your opinion as to the comparison of the population originally of the two countries?

Dr. WINTON. Well, I can only say that my general impression of the Mexican population on this side of the river might be expressed something like this: That the better families, the people of means and education have been to a large extent absorbed by intermarriage and other influences by the Americans. Others have not found it pleasant to live there under what they have thought of as a foreign government, and they have gone back, and there has been a rather overplus of the uneducated elements left, which is a hardly fair sample left of the total population of the Republic of Mexico, although undoubtedly, it is largely represented there too.

The CHAIRMAN. I call your attention to the original stock, as they must have existed say 60 years ago.

Dr. WINTON. I assume that the agricultural Indians of New Mexico were pretty much of the same people as the agricultural Indians of the plateau of old Mexico. That has been my impression in a general way.

The CHAIRMAN. We have some 19 Pueblos in New Mexico, the agricultural Indians, speaking nine different languages, and numbering altogether something like 20,000 souls.

Dr. WINTON. Yes. Is it not true that they also had reached a fairly advanced stage of social administration and personal character so to speak?

The CHAIRMAN. They certainly had when, from historical accounts, they were found by the Spaniards in 1541.

Dr. WINTON. Yes; and that was my point.

The CHAIRMAN. You know generally that the churches have extended their work among the native population of New Mexico and that work, of an educational character, has been carried on by the churches, and by the Government of the United States, among those people, do you not?

Dr. WINTON. Yes; so I understand.

The CHAIRMAN. We have at present, I may state for your particular information, two large Indian schools supported by the Government, one at Albuquerque and another at Santa Fe, and we have



daily schools under control of the Government, a school superintendent in each of the Indian pueblos, as we call them.

Dr. WINTON. Naturally your educational movement there is in the direction of the teaching of the English language and the promotion of American citizenship and ideals?

The CHAIRMAN. Yes; and those Indians I speak of under the laws of the United States, as well as under the Spanish laws, are citizens, and they have the rights of citizens, including the right to vote and take part in all our public affairs in New Mexico. Has your attention ever been called to the fact that they decline to do so, that they have nothing to do with our political affairs at all?

Dr. WINTON. No; I was not aware of that. I might say that in connection with the work of my own church, part of my time has been spent in Texas, and we have made a distinction between the kind of work of an educational character which we do within the boundary of the United States and that which we carry on in Mexico, in the sense that we encourage the Mexicans who have made up their minds to live in the United States to become citizens and learn the English language and adjust themselves to the life of the United States and not try to preserve their nationalistic feelings or their language to any great extent.

The CHAIRMAN. I have often thought, Doctor, that those who were making a study of that kind might profitably spend some of their time in New Mexico, which has been a portion of the United States for 60 years now, and there you could study the progress, educational and otherwise, made by the Indians, and their character, their participation or nonparticipation, in the affairs of government locally and otherwise, their systems of agriculture and agricultural improvement, under aid from the United States departments now for 60 years, and in that way get a fair view of what we might expect of a civil population in old Mexico, even under the most advantageous circumstances.

Dr. WINTON. Yes. I might say that it has been the policy of my own church lately to concentrate more our efforts, our work, along the border, as you see by the map that was shown here yesterday.

The CHAIRMAN. You spoke of your very strong feeling and appreciation of the Mexican population of Mexico. May I ask you if those same sentiments are not common among all the Americans that know the Mexicans as you know them?

Dr. WINTON. I do not think that I have ever found an exception. I have often mentioned it in conversation, that anybody who lived in Mexico long enough to become really acquainted with the Mexican people, entertained sentiments of that kind. There is a fascination about the people; there is a fascination about the country topographically and geographically, and there is one about the people too, there is no doubt about that.

The CHAIRMAN. Do you think that the average American business man in Mexico entertains those same feelings for the Mexican workman and the Mexican population generally?

Dr. WINTON. Yes; I think the average Mexican workman considers the American boss the most desirable of all bosses. That has been my observation down there, and I have been greatly interested in the good will and active work of many business men who had affairs in Mexico and who had the interest of the people at heart.

The CHAIRMAN. Do you know anything of the interest taken—whether there is any interest taken—by the Americans who are developing Mexico in educational affairs? I mean, in the public schools, in the municipalities in which their works are situated?

Dr. WINTON. I have heard comparatively little about that, because I have not traveled in Mexico much in recent years. While I knew the oil zone fairly before the oil developments, I have not been back since. I think it is 20 years or more since I was in that section.

The CHAIRMAN. Doctor, in so far as any privileges, protection, or assistance in your work directly go, what is, comparatively, the difference between the conditions existing now and those existing at San Luis Potosi under the governors whom you have mentioned?

Dr. WINTON. Well, none of our people have been hurt, and only once or twice, I believe, has anybody been put in jail. Conditions of travel, however, are very much disturbed and have been for some time past, and we do not feel the same security in going about as in the days of President Diaz. In my very early period down there, in the eighties, there was a great deal of brigandage, principally in the outlying districts.

The CHAIRMAN. Particularly on the border?

Dr. WINTON. Yes; on the border more than in the interior, although I knew the conditions more in Michoacan, Guanajuato, Aguas Calientes, and in the mountain districts there was always some feeling of insecurity.

The CHAIRMAN. Did you receive protection from the authorities in Mexico in 1884 and subsequent to that time in your work in the interior?

Dr. WINTON. Yes, sir; in the later eighties, after President Diaz came back to power in 1884, at the end of the administration of President Gonzales, there was from time to time a little disturbance because the evangelical work was pretty active and President Diaz always seemed to feel a little humiliated when there was a religious outbreak, so that he was very severe on those who precipitated such outbreaks, and in a secondary way that reacted in our favor. I do not think he meant to especially favor us, but he thought it was a reflection on the country to have an outbreak of religious persecution, so he was rather stern about it.

The CHAIRMAN. In his appointments to office, in his substituting one governor for another and making appointments for the jefe politicos in the different districts, in the different States, did he appoint Catholics generally?

Dr. WINTON. No. In those days he was a pretty vigorous Liberal. In the old definition of the word, and it was worth practically as much as a jefe's job was worth to allow one of these outbreaks to take place within his district.

The CHAIRMAN. Do you know whether President Diaz himself belonged to any order of which he could not be a member, and be a good Catholic at the same time?

Dr. WINTON. I had evidence that he belonged to the Masonic order.

The CHAIRMAN. The York Rite Masons?

Dr. WINTON. Yes. The question of the rites was a little confused in those days, but he was in an order that was in relation with the Masonry of the United States.

The CHAIRMAN. In making his appointments he preferred to appoint Masons to office?

Dr. WINTON. I could not answer that from personal knowledge, but I suspect that was true.

The CHAIRMAN. Then you received as full protection under the Diaz administration as it was possible for it to see that you had?

Dr. WINTON. Yes. I think I can say very frankly that that was true, and it was very effective from about 1888.

The CHAIRMAN. You lived there and were intimately acquainted in Mexico until 1902, you say?

Dr. WINTON. Yes.

The CHAIRMAN. Did you take any notes of the progress of Mexico during those years in a business way, a commercial way?

Dr. WINTON. I could not say that I kept anything like a memorandum. I could not fail, from the ordinary point of view, to observe the great developments, so much so that when I prepared my first book on Mexico, I gave it the name of "A New Era in Old Mexico." I think I wrote that about 1905. That was just after coming out, when it was all fresh in my mind.

The CHAIRMAN. That is one of the books that you said you would file here, is it?

Dr. WINTON. I had not mentioned that as one I would file, because the others were written after that, but I should be glad to file the one just referred to also.

The CHAIRMAN. The committee would be glad to have it.

Dr. WINTON. It expresses a good deal of my sentiments in reference to the political situation at that time in a casual way. Of course, I did not go into politics seriously.

The CHAIRMAN. Now, Doctor, to get back to the population for a moment. Granting that there are 50 different languages spoken, different tribes of Indians forming the original stock, aside from the Spanish, and upon which the Spanish has been more or less grafted, what is your experience, or what has been your experience with those different tribes of the Indian native population and mixed population with reference to their forms of government and their sentiments generally? Do the tribes mix with one another or do they have their separate sentiments?

Dr. WINTON. Well, I can hardly claim to be an expert on the ethnology of Mexico. I studied it in an amateur way and observed a good deal. My impression was that the Indians of the central plateau, the real productive sections of Mexico, had become pretty thoroughly incorporated in the population and were a very important element of the population.

The CHAIRMAN. Just what part of that central plateau do you have reference to?

Dr. WINTON. I refer to the great corn-growing district that they themselves call the Bahia—Guanajuato and Michoacán and part of Jalisco and part of Hidalgo, etc.

The CHAIRMAN. And Bolson de Mapimi?

Dr. WINTON. No; not that section of Mexico, but the corn-growing section. The Mapimi section is dependent on irrigation, but the corn-growing section is not dependent on irrigation, although they irrigate to some extent.

Now, in that section, which had been occupied by the Spanish settlements from the beginning, the Indians have lost their identity as Indians to a large extent. A man you might recognize as an Indian, and who calls himself and his friends call Indito, but he is a Mexican and merely one of the population and has more or less actual Indian blood.

The CHAIRMAN. They are all citizens under the Mexican constitution?

Dr. WINTON. Yes.

The CHAIRMAN. And all have an equal right to vote?

Dr. WINTON. Yes, so far as I understand. There may be some tribes in isolated districts that are not recognized as citizens. I am not positive on that.

The CHAIRMAN. The constitution makes them all citizens.

Dr. WINTON. I think that is correct; yes. In the isolated mountain sections, where the foreign influence has not sufficiently penetrated, I have occasionally encountered Indians who did not speak Spanish as well as I did, and I thought that was a pretty bad sign as to their knowledge of Spanish.

The CHAIRMAN. You have had much experience, have you, in the highlands, the mountains, and canyons of Sonora and Chihuahua and Sinaloa and Durango?

Dr. WINTON. No. I regret to say that that great mountain system up there is unknown to me as far as personal contact with it is concerned. I have always wished to travel in the mountains of Durango and Chihuahua. I know a great many men who have traveled there extensively. One of my sons was an engineer in the State of Durango, building an extension west from the town of Durango, some years ago, and he was a member of Gen. Pershing's expedition into Mexico, and in various ways I have formed opinions and ideas about that country, but I have never had personal knowledge of it.

The CHAIRMAN. The Indians with whom you were acquainted more particularly, as you say, were more or less amalgamated, and possibly to a greater degree amalgamated with the Spanish?

Dr. WINTON. Yes.

The CHAIRMAN. Than the Indians of the other sections?

Dr. WINTON. Yes; no doubt. The two pronouncedly Indian tribes with which I became most familiar were the Huastecas and the Tarascos.

The CHAIRMAN. Do you know from what original stock the Tarascos came? Were they similar to the Zapotecos?

Dr. WINTON. That is rather obscure, so far as my studies go. I have tried to follow the matter up when I visited them, and I was very much interested in the subject, but I was never able to secure any satisfactory literature on the subject. They were a strong, independent tribe—looked upon as a sort of kingdom by themselves in the days of Montezuma. They had their capital at Tzantzuntzan, on the lake of Patzcuaro. I have visited the place, and the story is a very interesting one.

The CHAIRMAN. They did not recognize the supremacy of Montezuma?

Dr. WINTON. No; but they were rather beguiled by the Spaniards and maneuvered into a treaty that did not redound very much to their advantage.

The CHAIRMAN. They were allies of the Spaniards rather than of the Aztecs?

Dr. WINTON. I think so, in later developments.

The CHAIRMAN. Do you know what stock Benito Juarez was?

Dr. WINTON. He was a Misteca, one of the tribe of the State of Oaxaca. He is usually spoken of as a Oxacan, but the tribe he belonged to was a Misteca tribe.

The CHAIRMAN. He was supposed to be pure blood?

Dr. WINTON. I think there was no question that he was. He did not know the Spanish language until he was 14 or 15 years old.

The CHAIRMAN. Do you know what the Diaz Indian blood was?

Dr. WINTON. It was supposed to be about one-quarter, I believe, in Porfirio Diaz. It was really less than that. He was generally spoken of as a full-blood; but my own investigation led me to conclude that he was about one-sixteenth. The truth is that while he had some Indian characteristics, he came pretty near being a reversion to the old conquistador type.

The CHAIRMAN. What was the Indian stock?

Dr. WINTON. He was a Zapotec.

The CHAIRMAN. They were the allies of the Indians that the Spanish knew as the Tlascalans, who joined the Spanish at Vera Cruz?

Dr. WINTON. Yes; they were with the Spaniards. Marina, whom we know in history, was a Tlascalan and the interpreter and assistant of Cortes.

The CHAIRMAN. I am speaking of this because of your familiarity with it, and because it seems to me that these matters which we are discussing are not sufficiently taken account of in any attempts of the average American to write intelligently of the future of Mexico.

Dr. WINTON. Most men in these days look on the situation from the point of view of a mere superficial appearance, and you can not judge Mexico, as you can some other countries, by a mere superficial appearance. There are a lot of things that ought to be known to explain some things that exist there.

The CHAIRMAN. Were you ever in the Maya country, in that lower country?

Dr. WINTON. No; I do not know the Mayas.

The CHAIRMAN. Of course, we have the Mayas on the Rio Fuerte, on the west coast, who are first cousins of the Yaquis.

Dr. WINTON. Are they the same as the Mayas of the Yucatan?

The CHAIRMAN. No; they are different.

Dr. WINTON. I never quite had that matter cleared up.

The CHAIRMAN. Then, in your judgment, as I understand, to get an intelligent perspective of conditions as they exist in Mexico, and as to the future of Mexico, one must take into consideration the original stock and the people as they actually exist.

Dr. WINTON. You are almost quoting the words that stand at the beginning of this little book which I wrote about four or five years ago at the request of the missionary educational movement, for use in the study of Mexico by young people, in which I undertake to give the racial setting, and stating that nobody can understand the country without getting some insight into what the people of Mexico are.

The CHAIRMAN. I am glad to know that, and I am sorry I have not had the privilege of reading your book; but I am glad to know that we very generally agree.

Dr. WINTON. I believe it is in this other little book that I made that particular assertion. This book is prepared in reference to education in Mexico and was written later, in 1915. "Any study of educational conditions in Mexico must take account of the racial history of the Mexican people." That is the first sentence in the book.

The CHAIRMAN. Something that is overlooked by many people?

Dr. WINTON. Yes. I put it strong.

The CHAIRMAN. Doctor, in about the first words of your statement you spoke of your feeling that war with Mexico must be averted if it is possible to do so. Is not that the general impression of all Americans who know Mexico?

Dr. WINTON. I think so, of those who know Mexico; yes.

The CHAIRMAN. Do you not think that the great majority of the Americans who have any knowledge of Mexico will go to almost any extreme to avert a war with the Mexican people?

Dr. WINTON. I hope that is true, and I think it is true. I have been quite horrified by the casual way in which men of average intelligence propose to make war on Mexico. It shocks me, always.

The CHAIRMAN. Has your attention been called to any distinction between the two lines of thought there, that some people may think that the only final solution of the Mexican problem is by some outside assistance in the shape of possible armed intervention, for the time being, and that spirit which is very often spoken of as the war spirit, a desire to bring on war with Mexico?

Dr. WINTON. Oh, undoubtedly. Undoubtedly there are people who are apparently honest who think that we could send troops into Mexico without bringing on a war with Mexico. I greatly doubt it myself, because the Mexicans are extremely sensitive, and they have a feeling of nationalism that would make any man who accepted such help as that be looked upon as a traitor by the Mexicans, a word that they object to very much. So even if a man might feel and think that way he would not venture to come out with it.

The CHAIRMAN. Would not dare to say so?

Dr. WINTON. No.

The CHAIRMAN. That is it exactly. That feeling is true of the majority of the Mexican people, who are quiet, law-abiding, working people, not politicians, at this time, is it not?

Dr. WINTON. Well, I think it is. I have been surprised at the extent to which that kind of thing prevails among what you would call the ignorant people of Mexico. They have a very definite sense of patriotism. Now, in the case of my own work, I had a school for a number of years there, and the boys, many of them quite poor, and I may say rather ignorant, when they came to me. Whenever we had any kind of public exercises in the school it was the patriotic note that always got the emphasis. It seemed to be instinctive with them.

The CHAIRMAN. Was that patriotic note in the old days struck by the Grito—the *que viva la independencia*?

Dr. WINTON. Yes. I was going to say that many of them do not know what kind of an animal *independencia* is, but they believe in it just the same, and it is very dear to them.

The CHAIRMAN. About how many of the population of Mexico do you understand to have been engaged in this revolution?

Dr. WINTON. I think a high estimate would be about 2 or 3 per cent.

The CHAIRMAN. Considering all sides?

Dr. WINTON. Yes, sir.

The CHAIRMAN. Everyone under arms or in a turmoil or confusion?

Dr. WINTON. However, I think that the Madero movement appealed very largely to the sentiment of the country, and that the feeling that they must not submit to a military dictatorship has prevailed very largely even among those who have not been active one way or the other.

The CHAIRMAN. Did you have your attention called to the activities of what was known as the revolutionary junta, operating from this side of the line prior to 1906 and during the years 1906 up to 1910?

Dr. WINTON. No; I was not able to keep up with that. I was aware it was going on; but it was illusive, and I could not keep a line on it. I was pretty busy in those days.

The CHAIRMAN. Did you ever know the Magon brothers—Flores Magon and his brother Saravia?

Dr. WINTON. No. I knew of them, but never met them.

The CHAIRMAN. Did you meet Antonio Villareal?

Dr. WINTON. No; I never met him.

The CHAIRMAN. He was a member of that revolutionary junta.

Dr. WINTON. On this side?

The CHAIRMAN. Yes.

Dr. WINTON. I rather got into bad odor with some of my own friends as to my judgment about Mexico when I protested in those days that no movement of that kind could overthrow Don Porfirio as long as he choose to stay it. They said, "Well, you have been out of Mexico for 10 years and you do not know how things have changed down there." Evidently things had changed, and also it was evident that the thing that caused Don Porfirio to quit was the fact that the once efficient military machine that he had at his command had begun to disintegrate and become moth-eaten. Besides the old gentleman felt that there was popular talk against him and he said, "I have tried to do my best, and if you don't want me I am done."

The CHAIRMAN. He was quite old?

Dr. WINTON. Yes. He was at that time up in the eighties.

The CHAIRMAN. He was past 80.

Dr. WINTON. No; let me see. He was born in 1830 and was 80 years old in 1910. He was just about 80 at that time, then.

The CHAIRMAN. He was past 80 when he resigned.

Dr. WINTON. When he resigned; yes.

Dr. WINTON. I had several interviews with President Diaz, and came in very pleasant contact with him in different matters.

The CHAIRMAN. Of course, not having had your attention called directly to this work of the revolution junta, you would know nothing of their propaganda in Mexico?

Dr. WINTON. No. It is evident that there were some influences at work down there to undermine the authority of the Government as it was then. Just how it had been operated I had no means of knowing.

The CHAIRMAN. You had no means of knowing whether that revolutionary junta was then or was later actively cooperating with the I. W. W. of this country?

Dr. WINTON. No; I knew nothing about that at all. I knew that Mr. Madero had some rather extravagant notions of a social and economic kind.

The CHAIRMAN. And do you know anything about the labor organizations of Mexico?

Dr. WINTON. Well, I can not say that I do. Of course, I have watched their development as one of the interesting phenomena of the social situation there, and they seem to have grown a great deal stronger within the last few years, so I would judge by my reading of the papers in Mexico and the reports of the activities of Congress and this and that and the other, and the statements and letters and manifestos of the politicians, and from them I got the impression that the labor movement is a pretty influential one at the present time in that republic.

The CHAIRMAN. Did you ever come in contact with Dr. Atl?

Dr. WINTON. No; not personally. Of course, I knew a good deal about him, but I never met him.

The CHAIRMAN. Do you know his name?

Dr. WINTON. No; and I have often wondered what that name might be.

The CHAIRMAN. His name is Murillo. Do you know whether this labor movement in Mexico, this so-called labor movement, that its organization was directed in any way from Barcelona, Spain?

Dr. WINTON. Well, I can not say that I know anything on the subject, but I have observed that on two or three occasions when the labor agitation took definite form, that there were Spanish leaders to such an extent that I thought in at least two or three instances that I had read—I could not put my finger on them—well, the Spanish were expelled under article 33 as being responsible for the disturbances.

The CHAIRMAN. That is a very interesting line, but as you say you have made no particular study of it, I do not know as we will pursue it further.

Dr. WINTON. It has been impossible for me, being outside of the country, to pursue it, and even if I had been in the country it would not have been easy.

The CHAIRMAN. And you know nothing of what the platform or the charter of the labor organizations in Mexico or any of them?

Dr. WINTON. I could not say that I do. I take it that the rather extreme articles on labor, in this new constitution, represent the efforts of the politicians to satisfy the ideals, let us say, of the labor leaders of the country.

The CHAIRMAN. And you know nothing about the history of the Red regiments who cooperated with Obregon?

Dr. WINTON. In Chihuahua and up through there, the Colorados, as they call themselves—

The CHAIRMAN. Yes.

Dr. WINTON. No; I can not say that I know much about them. I read about them and saw references to them, and I read his book.

The CHAIRMAN. You never saw these so-called insurgents or constitutionalistas, or whatever they call them, under arms?



Dr. WINTON. Yes; I have been in Mexico off and on I do not know how many times, but I was there in 1916, when things were stirring around more or less.

The CHAIRMAN. Did you ever see the red flag used by them?

Dr. WINTON. No.

The CHAIRMAN. Doctor, reference was made by Dr. Inman yesterday to your having suggested a passage in his book with reference to the mining law of Spain and Mexico. Have you familiarized yourself to your satisfaction with the mining law?

Dr. WINTON. Well, I could not say that I have what I might call a satisfactory knowledge of it. Mining has, of course, been one of the greatest industries of the country, and great interests have been tremendously developed there, and the body of literature, legal and otherwise is large. I only got what I thought were some general outlines of principles, so to speak. I do not think that I could give my authority. I doubtless have somewhere among my books at home essays on the mining laws of Mexico, reports, or something of that kind, but this was a general statement that I gave to Dr. Inman, and I do not think that he asked for it, but I think that I told him that the Spanish Crown claimed those substances that could be listed in a general way as treasure of the subsoil. Now a list of those treasures——

The CHAIRMAN. Pardon me for just a moment for interrupting you. You do not recall where you got that expression?

Dr. WINTON. I could not say. I think probably from some of the yearbooks on Mexico. I have read it, I think, in Spanish and English both, and I did not think that there was any who doubted it.

It was those substances that could be listed as treasure of the subsoil as distinguished between the surface and the mineral rights.

The CHAIRMAN. Did you ever find that in the yearbook or any other library prior to 1910?

Dr. WINTON. I could not give you the dates on that subject, but the citations were made on the different decrees and laws. I think that the Crown decrees are still in existence.

The CHAIRMAN. Yes; they are, doctor, and I am going to call your attention to them.

Dr. WINTON. Yes; and I will be very glad to see them, because I do not pretend to have specific knowledge on the subject. But I think merely in a general way it referred to those substances, and they were held by the Crown, and I think that lists were made later, but I do not profess to be familiar with them, in a general way of the precious metals and stones and included some things, and some things were excluded, building stone, and sand, and so on.

The CHAIRMAN. Did you find that oil was included?

Dr. WINTON. That came along in the course of development; as I understand it, the first influence that brought these matters to the fore was that the framers of the new constitution were simply making an effort to include coal oil among the treasures of the subsoil. These rights of the Crown passed to the federation when the country became a Republic, I will say for the record.

The CHAIRMAN. Have you seen this article, Doctor, or the advance proofs or sheets from Oil, Paint and Drug Reporter, to which I called Dr. Inman's attention yesterday?

Dr. WINTON. No; it was in my mail the day I left home, but I have not gone over it.

The CHAIRMAN. Now this is a study by Senor Joaquin Santaella, chief of the Mexican Petroleum Technical Commission of Mexico, and it is very interesting. It is along the line that you have just been calling our attention to. However, Mr. Santaella, in his discussion does not go back prior to the year 1761, and he commences his discussion——

Dr. WINTON. Is there not a decree or something earlier than that, about 1723?

The CHAIRMAN. Yes, sir.

Dr. WINTON. I know that I have the poorest head imaginable for dates, but it seems that I have a date in my mind, a date in my head, or I had a notion that there was a decree of about 1723.

The CHAIRMAN. In 1761 he says there were published at Madrid Commentaries on the Mining Statutes, by Don Francisco Javier de Gamboa, a leading jurist of Jalisco.

Dr. WINTON. That, I take it, refers to the mining statutes of New Spain.

The CHAIRMAN. de Gamboa's commentaries on the mining laws.

Dr. WINTON. Of the empire or of New Spain?

The CHAIRMAN. Both.

Dr. WINTON. But this man was writing from Mexico?

The CHAIRMAN. This man was writing his commentaries or discussion of the laws——

Dr. WINTON. Is not the author of that commentary writing in Jalisco?

The CHAIRMAN. The author of this commentary is Don Francisco Javier de Gamboa—the author of this here [indicating] is Mr. Santaella, who is now at the head of the Mexican Petroleum Technical Commission. He speaks in this of Mr. Gamboa, who was writing from Jalisco.

Dr. WINTON. He was writing from Jalisco, I understand.

The CHAIRMAN. And that was because this hemisphere had become the great treasure house of Spain?

Dr. WINTON. The center of mining interests, in other words.

The CHAIRMAN. And he refers to this commentary, and I suggest to you that you will find the translation of Gamboa's commentaries in Rockwell's Mexican Law.

Dr. WINTON. Rockwell's Mexican Law.

The CHAIRMAN. Yes; and they have it in the public library here and in many other libraries. Those of us who are lawyers in the Southwest, and who have studied not only the laws of our country but the laws of Mexico, have had to deal with the old Spanish law, are more or less familiar with Gamboa's commentaries, and those who have not had those commentaries have gotten them from Rockwell's translations. I notice in all the reports that Mr. Santaella made, and I may say that the same thing is true of the reports made by a similar commission, of the Republic of Columbia, and in other Latin-American States, that no one of them attempts to go beyond the mining ordinances, and almost any student, as yourself, for instance, I take it, would take up the study of the mining law from the mining ordinances of New Spain.

Dr. WINTON. It indicates that there were some decrees antedating that.

The CHAIRMAN. Yes, sir. That is what I want to call your attention to, and that is where the mistake is made.

Dr. WINTON. Yes.

The CHAIRMAN. The general term, as Mr. Santaella states here, and it is used in his quotation from the fifth chapter of de Gamboa, he quotes:

1. The mines on the property of my royal Crown, both by their nature and origin as by their reunion as ordered by the Fourth Law, title 13, sixth book of the new revised code.

Dr. WINTON. Yes.

The CHAIRMAN. Now, the law referred to there is the old law of Spain of 1375, before the discovery of New Spain, and the law of 1559, after the discovery of this country, and the law which was passed to cover conditions existing in this country.

Dr. WINTON. Yes.

The CHAIRMAN. I have a little memorandum, merely a memorandum without going into the matter specifically and without giving pages, etc., which I prepared for the use of our State Department in connection with certain other matters in Latin-America and for the use of the Foreign Relations Committee.

Dr. WINTON. Yes.

The CHAIRMAN. Under law 1, adopted or decreed by Don Juan the First, in 1387, it is provided:

All minerals of gold, lead, silver, and every other metal whatsoever in our realms belong to us.

Now, Doctor, I will ask you to fix your attention on that expression. You know what the word "metal" is in Spanish—"metales"?

Dr. WINTON. Yes; they distinguished between "mineral" and "metal."

The CHAIRMAN. And the word is the same in both languages—"metal" in Spanish and "metal" in English, and "mineral" in Spanish and "mineral" in English.

Dr. WINTON. And they mean by "mineral" what we usually describe as "ore."

The CHAIRMAN. And it had been a question until there was a decision of a Pennsylvania court as to whether oil should be classed as a mineral. Of course, it is a nonmetaliferous mineral. The law referred to provides:

All minerals of gold, silver, lead, and every metal whatsoever in our realms belong to us.

That was the old original Spanish law of 1375, decreed by Jon, as he spelled his name at that time. That decree, doctor, I may say to you from my studies, applied to the crown lands and did not affect private property.

Dr. WINTON. Yes.

The CHAIRMAN. I know that it is rather a peculiar proceeding for a member of a committee to undertake to explain the law, but I want to impress upon you what I have attempted to get at.

Dr. WINTON. I shall be very glad to get it.

The CHAIRMAN. And they proceeded to make grants to various bodies, and to make numerous grants to the Catholic Church.

Dr. WINTON. And did they withhold the mineral rights?

The CHAIRMAN. They did not.

Dr. WINTON. I see.

The CHAIRMAN. By a later law, of 1559, they commenced to operate under the old Spanish law of 1359, and they wrote into all the titles the reservations of the Crown to the metaliferous minerals.

Dr. WINTON. Yes.

The CHAIRMAN. I would say to you in passing that that was the same law that prevailed with Great Britain as to gold and silver. they were Crown minerals; and that no one acquired the right to the Crown land—anyone who did acquire that right did not acquire the right to the gold and silver. In 1559 and prior to that time the law of King John the First existed. In the year 1559 Phillip the Second, and during his absence the Princess Donna Joanna, issued at Valladolid, a decree, practically reincorporating into laws the law of King John, but going further and retaking from the land of private owners the mineral rights, the owners to be compensated for any surplus lands taken in operating mines and any injury done to their mines by such operation. The wording of this law, or decree, with reference to private land is as follows:

We reclaim, resume, and incorporate in ourselves and in our Crown and patrimony all mines of gold, silver, and quicksilver—

They still held the title to the metalliferous metals to the Crown lands, and they retook from the clergy and notables to whom they had some of the grants of the Crown land, the rights to minerals, of gold, silver, and quicksilver. Never did they undertake by any decree whatsoever to assume control of anything which Gamboa calls sedimentary deposits, and which he instances by iron and things of that kind. They did go so far as to say that copper was a by-product, and always was silver, gold, and lead directed as one of the Crown metals, but no further.

Dr. WINTON. Yes.

The CHAIRMAN. This decree says:

We reclaim, resume, and incorporate in ourselves and in our Crown and patrimony, all mines of gold, silver, and quicksilver in these, our kingdoms, in whatever parts or places they may be found, whether the estates of the Crown or of the nobility, or clergy, or belonging to the public, or to townships, or vacant lands, or in the estates, and portions, and lands of individuals, notwithstanding the grants which by ourselves or by the kings, our ancestors, have been made to any and all persons whatsoever, of whatever state, rank, and dignity they may be, etc.

Only once was any question ever raised as to nonmetalliferous minerals—

Dr. WINTON. Pardon me for interrupting you, but what is the date of that decree?

The CHAIRMAN. 1559.

Dr. WINTON. 1559?

The CHAIRMAN. Yes, sir. That was the first applied to New Spain, and in 1761 it was amended, and in 1769, as referred to by Mr. Santaella, there was adopted the ordinances regulating the methods of mining, the methods of denunciation of mines, the making of claims for mines, the method of drainage of mines, the government of the Indians and the workmen in the mines, but that simply refers to the mines?

Dr. WINTON. Yes.

The CHAIRMAN. And does not grant or undertake to make any other reservation but that made in the former decree.

Dr. WINTON. And the application of that then would depend, I take it, somewhat upon an analysis of the title in 1559?

The CHAIRMAN. In 1821 Mexico took the law of Spain, with the ordinances, and adopted a new law, in 1821, and incorporated into the Mexican law all the Spanish laws with reference to mines, including the ordinances with reference to mines, but never from that date down to the present time, except with reference to one coal mine, has there been any reference or any attempt to change the law. Now, the attempt is to go back and by reading all ordinances regulating the workings of the mines, to claim that under those they have the right—they have a legal right to reserve the right to minerals.

Dr. WINTON. And that limitation of the three metals pertained to private property at the time of the decree.

The CHAIRMAN. Only to metalliferous minerals, we claim—

Dr. WINTON (interrupting). Yes; I understand that.

The CHAIRMAN. There was an effort made at one time by Spain, shortly before the freedom of the colonies was finally gained by them, and a successful effort, of course, to reserve on certain public lands certain deposits of iron, the lands, however, belonging to the State, that is, to the Spanish Crown, certain deposits of iron and certain deposits of coal for the use of the Spanish Navy, but that was a reservation made of the minerals in their own lands and not in private lands, but lands belonging to the Crown. No one doubts that they could do that. The United States Government can pass title to land in the United States, reserving the hydrocarbons if they choose to do so. Spain and Mexico can do that, but there is a mistaken idea engendered in the discussion by Mr. Santaella as to what the Spanish law was, and that is the matter that—

Dr. WINTON. It is true in a general way that the minerals of Mexico have not been developed on the theory of the ownership of the central Government—

The CHAIRMAN. The metalliferous minerals?

Dr. WINTON. Yes, sir.

The CHAIRMAN. Certainly.

Dr. WINTON. And you can see how the average layman, like myself, gets but a general idea—

The CHAIRMAN (interrupting). Exactly; and that is the reason that I have been saying this.

Dr. WINTON. And you pay as a mining operator in Mexico royalties, rather than taxes, and I think you have eminent domain there—

The CHAIRMAN. Yes; the individual has eminent domain there.

Dr. WINTON. Which makes it a liberal law.

The CHAIRMAN. But the owner of the surface in Mexico, obtaining his title from an owner, or obtaining his title from the Mexican Government itself, prior to any law being passed by the Government reserving coal, takes the coal, but he does not have the metalliferous minerals. That is the distinction—

Dr. WINTON (interrupting). Yes.

The CHAIRMAN. And it is exactly such a misunderstanding as this that has been on the verge of causing trouble between this country and Mexico.

Dr. WINTON. Is it not true, however, that because of this the subject in the new constitution, which is more or less clumsy and ill-advised, that it is the object to perpetuate this general principle in regard to the subsoil?

The CHAIRMAN. No; and I would say that if it was, I as an American, would have no objection to it, or to anyone in Mexico, if it was an effort to perpetuate the same law—

Dr. WINTON (interrupting). And perpetuate that principle, applying it to a substance not known at the time of the original decrees.

The CHAIRMAN. There is no doubt of the right of the Government to apply it to its land, but not to that of others.

Dr. WINTON. I think myself that if land had been acquired on the basis of the laws existing at a certain time of the Government the conditions at the time the title was given must be respected, and in Mexico the Mexicans, the intelligent Mexicans, have assured me always that that was the feeling in Mexico, that that doubtless would be the interpretation Congress would put upon the constitution when it did pass that law.

The CHAIRMAN. I am informed by rumor that Congress is contemplating the passage of some law of that kind. But that does not obviate the difficulty, because the law may be amended or it may be repealed or changed the day after.

Dr. WINTON. The Senate committee had brought a petroleum law, so I understand, and there were some energetic objections to the effect that certain members of the committee were interested parties, and they withdrew it.

The CHAIRMAN. No American doubts the power of the Mexican Government to reserve petroleum in the public lands of Mexico, but we do doubt the right of the Mexican Government, constitutionally or otherwise, to take away what has once been granted, just as England doubted the right of the United States to take the lands of the Tories after the treaty of peace with the United States, and compel them to recognize their rights and to go into a future treaty guaranteeing them absolutely.

Dr. WINTON. Yes.

The CHAIRMAN. Doctor, this \$400 fund mentioned by Dr. Inman yesterday, coming to the League of Free Nations from some former body, do you know anything about that?

Dr. WINTON. I know merely the general story. About 1915 or 1916 a Mr. Paul Kennedy, of New York, a friend of mine who has interested himself in international and other matters, consulted me as to the possibility of organizing a sort of association of the people who had a friendly feeling for Mexico and try to do something to better conditions in Mexico in a quiet way. I do not know exactly what he called the association, but it was the Association of the Friends of Mexico, or something like that. Now, I have always made it a rule to engage at once with people who were working for the same thing that I am, so I went in with him. He worked on it pretty industriously until the Great War broke out, and then he became a war worker, and he laid aside this other matter, and he had a fund amounting to about \$400. I did not know that the fund

existed until about six weeks ago, when while in New York we were discussing the matter of trying to do something, and he mentioned the fact that he had the money then. He had been so busy with other matters. At about the same time we came into contact with the League of Free Nations Association, which was contemplating a study of the situation of Mexico, and the members of this old association came along and voted this money to the League of Free Nations.

The CHAIRMAN. Do you know who was associated in that Kennedy movement?

Dr. WINTON. No; I could not tell you. It was a somewhat loose organization, and he was practically the active force in it, but no doubt there are lists of its members, and I think I have his letterhead, etc., and could get you the letterhead list out of my files at home, but I do not recall just who they were. Some of them were members of a previously formed committee headed by Dr. Dabney, president of the Cincinnati University. That committee had interested itself wholly in educational matters. It was for it that I prepared this report on conditions in Mexico.

The CHAIRMAN. Was it in connection with this movement, or any other movement of that character that you heard of, or came into contact with Dr. Atl?

Dr. WINTON. No; I do not think he had intervened in any of those, so far as I know. What did you say his name is?

The CHAIRMAN. Murillo. Do you know Dr. David Starr Jordan?

Dr. WINTON. I think I met him casually once, and I have had a very little correspondence with him from time to time. Of course we all know who he is.

The CHAIRMAN. And you do not know anything about any committee which Dr. Jordan and Amos Pinchot and Mr. Storey were members, Moorfield Storey?

Dr. WINTON. Well, I do not know which committee that is. I know there was a little activity along in 1916, perhaps, on the part of Dr. Jordan and some other people.

The CHAIRMAN. Do you know Dr. Henry Lane Tupper?

Dr. WINTON. No.

The CHAIRMAN. Did you hear of him in connection with Dr. Jordan?

Dr. WINTON. I do not recall that I connect the two. I remember some of Dr. Tupper's writings on Mexican affairs only in a general way.

The CHAIRMAN. Yes. Have you had your attention called to the activities of Drs. Jordan and Tupper along the border at El Paso?

Dr. WINTON. I knew that Dr. Jordan went to El Paso once and met a committee of some kind. I never was able to get the story of what took place, but there was some episode that was more or less interesting and exciting, but I do not know the history of it.

The CHAIRMAN. I wanted to ask you if you knew of his denunciation of Americans along the border as poltroons and the fact that he and Dr. Tupper were invited by the mayor to cease their activities—

Dr. WINTON. I knew there was something of that kind, but I never got any definite news in regard to what it was.

The CHAIRMAN. Doctor, sometimes those of us who take an interest in matters of this kind are misquoted or misunderstood, and something we say is garbled, and sometimes we are quoted correctly. I have had handed me by counsel here an article from the Bloomfield (Mo.) Vindicator, of August 29, in which you are quoted by Dr. J. M. King from an article in the St. Louis Christian Advocate. Have you had your attention called to this publication in the Vindicator?

Dr. WINTON. No.

The CHAIRMAN. I will hand it to you before I ask you anything about it, in order that you may see the quotation.

Dr. WINTON. That seems to be a correct quotation.

The CHAIRMAN. It appears from this publication that you wrote an article entitled "Pernicious Propaganda," which was published in the Christian Advocate?

Dr. WINTON. Yes, sir.

The CHAIRMAN. In the course of this article, quoting from your article in the Christian Advocate, you say:

But Mexico is not in a state of chaos. On this point a lot of lying has been done, and it is still going on. It is widely asserted, for example, that even now the Carranza government controls only a third of Mexican territory. As a matter of fact, it controls it all. There are bandits in various places where the rough nature of the ground aids them.

Is it your opinion that the Carranza government controls all of the country of Mexico except merely the rough places?

Dr. WINTON. We might differ, perhaps, as to the definition of the word "control," but as far as administering any kind of government and the general direction of things, I think that is my impression of the situation.

The CHAIRMAN. That is, so far as there is any government in Mexico, you think it is represented by Carranza.

Dr. WINTON. Yes.

The CHAIRMAN. Doctor, do you know whether there have ever been any State constitutions adopted in the several States of Mexico since Carranza's recognition by this Government?

Dr. WINTON. I am not sure as to constitutions. I have seen some reference to the discussion of constitutions, and there have been. I think, once or twice, some things promulgated by a military governor, but I am not informed on that question.

The CHAIRMAN. Are you aware of the fact that Carranza, by decree, set aside the State constitutions of Mexico prior to his recognition by this Government?

Dr. WINTON. No; I did not recall that particular decree. There was a period in which he held that governmental functions of the country were all in his own hands as executive of the preconstitutional government, or in the preconstitutional period—I forget just the exact phrase.

The CHAIRMAN. You are aware of the fact that he set aside and changed things in Mexico and created new States or new political divisions by decree?

Dr. WINTON. No; I was not aware of that.

The CHAIRMAN. You recall the provision of the constitution which he claimed he was fighting to sustain by which the national govern-



ment is limited absolutely with reference to State line or the creation of new States?

Dr. WINTON. Yes; I think there is such a provision.

The CHAIRMAN. You are not aware of the fact that he destroyed that provision and had created new political subdivisions by decree?

Dr. WINTON. I remember that one of the previous territories is now called a State, but other divisions I have not been informed about. I had always been a little hazy as to what was going on in the peninsula of Yucatan. They have a territory there, and there are some subdivisions of it that I do not understand very well.

The CHAIRMAN. Doctor, at the election following the resignation of Diaz, and during the ad interim government when Madero was a candidate and he and Piño Suarez were finally declared elected president and vice president, respectively, do you know whether there were State elections held at that time for the election of governors of the different States?

Dr. WINTON. No; I do not recall that detail. I kept up more or less carefully—the best I could—through the press with what was going on, but that particular point has escaped me.

The CHAIRMAN. Do you recall whether there was a congressional election held at the same time?

Dr. WINTON. I recall there was a congress sitting during the period of Madero.

The CHAIRMAN. Do you know whatever became of the Congress that was elected at the time Madero was elected?

Dr. WINTON. No; there was a great deal of confusion in that period when Madero was substituted by Huerta, and I have not the details of that at hand. I just know it in a general way.

The CHAIRMAN. You do not know whether Carranza ever recognized any governor elected during the Madero régime or whether he ever recognized a congress elected during that time?

Dr. WINTON. No; I can not say that I know that. My impression is that pretty much all the governors agreed to the intervention of Huerta, and the fact that Gov. Carranza, as he was then, started a movement against Huerta put him rather against the rest of the governors. How many there were, as I said, I do not remember now.

The CHAIRMAN. There were no governors at the time of the death of Madero in any of the States that had not been elected and had not been friendly to Madero, were there?

Dr. WINTON. I think that is correct. They were all of the Madero party, so to speak.

The CHAIRMAN. And Mr. Carranza raised the standard of revolt because of the death of Madero and Piño Saurez?

Dr. WINTON. Yes; primarily that.

The CHAIRMAN. I notice you state that there are a few rebellious Indians in the State of Sonora and a few others in Oaxaca, both of them remote and mountainous States. "All together it amounts to about what Sitting Bull's rebellion did on our own western frontier." Is that your idea of the condition in Mexico now?

Dr. WINTON. I confess I do not know very much about Sonora, but down in the interior of Mexico, where I used to live, it seemed to me a long way off. You know there is not much transporting across those mountains up there, and those disturbances among the Indians

of Sonora always seemed to us of that type. There would be an outbreak from time to time.

The CHAIRMAN. If you confine that statement to the disturbances among the Yaqui Indians in the State of Sonora, I would say unhesitatingly that I agreed with you.

Dr. WINTON. That is what I had in mind.

The CHAIRMAN. But I think the inference that would be drawn is that Villa or Felix Diaz, whom you mentioned here later, are operating in Sonora alone, and that there are some outbreaks among the Indians there and that conditions in Mexico, generally, are comparable with the conditions in the United States during the Sitting Bull outbreaks.

Dr. WINTON. I probably was not altogether clear in what I said, but what I meant to say was that the Indian outbreaks were of that type.

The CHAIRMAN. Do you know where Felix Diaz is operating, or is supposed to be operating?

Dr. WINTON. He has been mostly in Vera Cruz in the last few months, as I understand it.

The CHAIRMAN. Do you know anything about the conditions in the State of Chiapas?

Dr. WINTON. No, sir; they have been very obscure to me. I could not get any light on Chiapas, and have not for a long time.

The CHAIRMAN. Do you think that Morelos and Guerrero are quiet?

Dr. WINTON. I have been told that Gen. Gonzales was operating in Morelos and has changed his activities to the southern part of Puebla and Oaxaca and has been leaving Morelos alone for some time and my Mexican friends, with whom I have corresponded, say that those States are quiet.

The CHAIRMAN. Do you know anything about conditions that have prevailed in Oaxaca generally?

Dr. WINTON. No, sir; I simply know that the Oaxaca Indians have been rather restless and seem so to be still, but the Government is in control of the capital and has been opening up that railway and has kept it running.

The CHAIRMAN. You mean the road out of Guadalajara?

Dr. WINTON. No, sir; into Oaxaca. I do not know just how it runs now.

The CHAIRMAN. You have not had your attention called to the fact that the Government of the State of Oaxaca declined to have anything to do with the revolutionary movement against Carranza and declined to recognize Carranza and proceeded to operate and function as a State Government with a State legislature in its regular course?

Dr. WINTON. It seems to me I did see something of that. When was that?

The CHAIRMAN. In 1915.

Dr. WINTON. That is my recollection.

The CHAIRMAN. Do you know Aguilar?

Dr. WINTON. No, sir.

The CHAIRMAN. Do you know Candido Aguilar?

Dr. WINTON. Yes, sir.

The CHAIRMAN. You do not understand that the recent movement you have heard in the State of Oaxaca was an attempt to oust the government, which is claimed to be the State government of Oaxaca, and put it back under Carranza's rule?

Dr. WINTON. As to that, I have not been very clear. I know that Gen. Gonzales has recently taken charge down there in that section, and I gathered from the best evidence I could learn that it was simply to pacify the Indians and get them lined up with the central government if possible.

The CHAIRMAN. You do not know anything about the governor of Oaxaca, regularly elected, and the State legislature?

Dr. WINTON. No, sir; I am not posted about those matters. I have no means of knowing except from Mexico City papers.

The CHAIRMAN. I am questioning you about it because of the statements made in this article.

Dr. WINTON. You know how we make wholesale statements when we are writing and making speeches.

The CHAIRMAN (reading):

Any man who now says that rebels control two-thirds of Mexican territory is either a liar or an ignoramus—probably both.

That is one of those statements that I suppose we would make in making speeches?

Dr. WINTON. Yes.

The CHAIRMAN. Doctor, have you served on any other committees investigating educational affairs and others in Mexico than those which you have mentioned?

Dr. WINTON. I am not sure whether I got it clearly into the record that I was a member of the committee that Dr. Dabney headed. That was the first one I was connected with.

The CHAIRMAN. Did you serve on any committee with which Mr. Edward Doheny was connected in any way?

Dr. WINTON. The Dabney committee was mostly made up of college presidents and men of that type, not famous for their wealth, and they secured some money. I was at that time asked by them to do this special bit of investigation, and I was paid by this committee during the time I was doing it, in the summer of 1915. Later I learned that the source of the money was Mr. Doheny. Either he paid it personally or it came through his organization. I never was informed on that point. I was at first largely in the attitude of an employee of the committee, though my name appears on the list of members of the committee.

The CHAIRMAN. Was there any attempt made at that or at any other time by Mr. Doheny or anyone associated with him to influence your activities or your report in any way?

Dr. WINTON. None whatever; I had the cooperation of several men that I did not altogether agree with, and we fought over things, but it was merely matters of that kind. I was very glad to have them. There was a Mr. Chavez, for example, whose name you will find here in this book [indicating] at the bottom of various pages in foot-notes. I was very glad to have his cooperation. He had been an active educational man in Mexico under President Diaz, and sometimes did not take quite the same view of things I did.

The CHAIRMAN. You can understand my object. There has been a great deal of criticism of the American business men and the Americans in Mexico, and the American oil men. They have been accused of being engaged in propaganda of what you would consider an improper kind, to say the least. Among them there has been mentioned Mr. Doheny. You have served on a committee financed by Mr. Doheny, and I simply wanted to know of you, in fairness to him, whether there has ever been an attempt made to influence your activities or to influence the report which you have made.

Dr. WINTON. Not the slightest. As a member of this committee I was left with absolutely free hands. This report is practically verbatim as I wrote it, with a little introduction prepared by Dr. Dabney and an afterword written by him and a few notes inserted by others who examined the manuscript and cooperated with us to that extent. I was not interfered with in the least in expressing myself with perfect freedom.

The CHAIRMAN. From your experience on that committee, it would lead you to believe that some American business men, at any rate, are perfectly fair in their treatment of Mexican questions?

Dr. WINTON. Yes. I rather regretted when I learned later that the committee of Mr. Doheny had not continued to operate—I do not know whether he is here or not, but I may say in his hearing that I was very strongly tempted to go and have an interview with Mr. Doheny myself—

The CHAIRMAN. If you will allow me to express myself personally. I personally regret that you did not.

Dr. WINTON. Some folks are afraid of rich people and some others are not.

Mr. DOHENY. If I may say something at this time, let me state that I am very sorry that the committee could not have continued its work and that the doctor could not have been a continuous member of it. I will explain, if I may, just why the committee did not continue its work. I would certainly have been glad if it had continued its work with Dr. Winton and with all members of it. What I have heard of Dr. Winton and what I have myself heard from him this morning leads me to say that I am sure he is the kind of man that would be qualified to give a report on Mexico.

The CHAIRMAN. I am glad to hear that expression from Mr. Doheny. I was entertaining the same sentiments and guessing at what I would undertake to say would be Mr. Doheny's sentiments from not quite a lifetime personal knowledge of him, but from rather an intimate association with him since 1888, at any rate. I know that after hearing you this morning he would have been glad to have continued association with you.

Dr. WINTON. He had equipment for doing some things that I could not do, and I found that he had somewhat the same sentiments toward Mexico that I had.

The CHAIRMAN. Doctor, one of my associates on the committee is ill and unable to attend the meeting—Senator Smith; and Senator Brandegee has been compelled to go on the floor of the Senate for a little while. I have, personally, nothing further to ask you. I thank you very much, sir, for your appearance here and for the information you have given us. If you have any further statement to make we will be glad to hear you.

Dr. WINTON. I might say just one word, Mr. Chairman, before I leave the stand.

In deprecation of misunderstandings among those of us who are interested in Mexico, you will find among other things that I have written phrases that seem to point in the direction of a charge that there are persons interested in promoting intervention, and that they are active. What I wish to say in regard to that is that the weakening of the hands of the Mexican Government in the present juncture by painting very gloomy and exaggerated pictures of social and economic conditions in Mexico, creates the impression in the mind of the average man that the only way it can be remedied is by armed intervention. That is how it arises that sometimes the phrase is used that those who speak and write against Carranza are speaking and writing in favor of intervention. It is not a charge that they are intending to do that, necessarily; it is simply qualifying the outcome of their work. I am obliged to say that I have had a good deal of experience in that line, and I am afraid that is the tendency of it.

You know, of course, in a popular uprising, such as that which has taken place in Mexico, a great deal of scum comes to the surface, and even a man like Gen. Alvarado ventures to suggest phases of the situation which make it look very dark. There are naturally, however, many other phases, and Bishop Cannon comes forward stating that the situation is very good.

My own hope is that the present organized Government may be stabilized in some way and that it may be transferred to the hands of another man when there is another election, without any serious fighting among the Mexicans themselves, and certainly without an act on our part which would result in war with Mexico.

I am very apprehensive when any armed movement takes place, because I know the nationalistic pride of the Mexican people, and I feel that there is always danger in a thing of that kind. We sometimes say that people who are opposing the present Mexican Government are working for intervention. My Mexican friends are very generous, usually, when they refer to things of that kind, and charge them up to the expatriates, as they call them. I know a great many people who were connected with the old administration and are now in a sense exiled from Mexico. They are often very admirable and attractive people, and no doubt are quite influential in this country and Cuba and in other places.

There has been a revolution. The wheels can not be turned back. It is not probable that a military dictatorship would succeed now, because even Gen. Alvarado, although he paints a dark picture, winds up with the condemnation of Carranza because he is dictatorial. We can all see the disease, but it is not so easy to put our fingers on the remedy. We can all agree in that statement.

The CHAIRMAN. Along that line, I think that it is proper—I am probably not using the correct word—what do you think of the policy of sending out to the church people, the Christian people of this country, a statement that recently missionaries met in the City of Mexico, that they went there from all points of the compass; they entered Mexico from various directions; that they proceeded to the city, arrived there with no untoward event—I believe that is the wording of it—and accompanying that by statements with reference to these very overexaggerations which you refer to and by state-

ments that Mexico's condition is improving and that the Carranza government is in control, not stating that the missionaries who went there, went there under armed guard, preceded by armed trains? Do you not think that if we are to tell the truth, we should tell all the truth?

Dr. WINTON. Oh, undoubtedly. A statement of that kind is necessarily brief. I am sure that these people—

The CHAIRMAN. Pardon me; it is not necessarily brief if it is embodied in a book of several hundred pages?

Dr. WINTON. No; but the statement published from Mexico City was brief, necessarily. It was intended to be merely a very short resolution expressing the experiences of the men and women who went there. These individuals have frequently spoken and written, as I understand it, about the condition prevailing there. It seems to be a matter of common knowledge that there are military trains now with most passenger trains on the Mexican railroads.

The CHAIRMAN. Have you read a recent article from a paper published in Mexico called the "A. B. C." with reference to conditions?

Dr. WINTON. No, sir; I see reference to use the A. B. C. every day in my Mexican papers. I am only getting one at present, and that is *Excelsior*. I have never secured any copies of A. B. C. Just at the present time I have no friend in Mexico City to send it to me.

The CHAIRMAN. I have a quotation here from the A. B. C. The publication itself you might not consider very authoritative, but there is no doubt of the fact that the translation and the quotation from the A. B. C. are correct. I have read it in the original. For your thought I will read it now. This is the issue of July 26, 1919. As you know, A. B. C is published in Mexico City:

Before examining the forms of intervention, one by one, we will glance at the present state of our society in relation to said intervention.

The prolonged civil war in which our people have been sunk now more than eight years, the deep divisions existing between all Mexicans, the lack of hope for a political and social regeneration, the physical and moral bankruptcy of the nation, the total disappearance of the cult of heroes, the lack of an eminently religious spirit, the slight confidence or lack of confidence in public servants, the absence of justice, the almost complete lack of respect for private property, and the lack of vested interests, unfortunately has brought about the result that no less than 80 per cent of the inhabitants of the Republic look at intervention with indifference.

Perhaps upon reading this some chauvinists will call us unpatriotic; but this is the truth supported by practical proof. When society had not yet come to the moral weariness which it feels to-day, and to the corruption that is now defiling us, the Americans retained in their power the port of Vera Cruz, overran the whole State of Chihuahua in a warlike way—in the face of indifference of the Mexican nation.

But there is something graver still which must be stated with all civic valor: Ninety per cent of our educated class which has come to the conclusion that there is no salvation for Mexico except through influence, would look at intervention, sad to say, almost with pleasure. Our present moral state is far from that of heroic Belgium or of patriotic France, which gave the blood of their intellectuals to save national sovereignty.

When such articles as that are printed in the press of Mexico City and such letters as that of Gen. Alvarado are given publicity, do you wonder that statements corresponding in some degree are made here in the United States press?

Dr. WINTON. It is perfectly natural, of course. These are gloomy critics. The Latin has a tremendous power of caustic criticism. If they were as able in reconstruction and constructive work as they are in criticism, they would be very successful in all their affairs.

The CHAIRMAN. That is the point, exactly that has struck so many of us: "If they were as able in reconstruction as they are in destruction."

Dr. WINTON. I may say that in my own paper for some little time—which is rather an antiadministration paper, by the way—I find a great deal of evidence that the agitation in this country is very faithfully reproduced in Mexico City and is impressing the people there and they are beginning to be quite anxious, quite interested, at least. That was really the point of Gen. Alvarado's letter. He wanted to stop them from troubling themselves with political affairs and to see the gravity of the international situation.

I have prepared here a little memorandum which I sent out to the committee of the League of Free Nations. I do not know whether they ever made any use of it or not. If the committee cares for it, I shall be very glad to leave a copy.

The CHAIRMAN. We shall be very glad to have it, Doctor.

Dr. WINTON. It is entitled "How intervention looks to the Mexicans." It is simply an impression that I get from this paper. I have here also resolution, being the action of the Partido Liberal Constitucionalista and Related Groups, taken at a public meeting, Mexico City, August 24, 1919. It is a rather free translation, but I am willing to say that this gives the substance of it.

(The memorandum referred to, entitled "How intervention looks to the Mexicans," and the resolution referred to, are here printed in full, as follows:)

#### HOW INTERVENTION LOOKS TO THE MEXICANS.

For several months the leading papers in Mexico City have made a point of keeping in touch with affairs in the United States. They have alert correspondents in New York who cable translations of all important matters pertaining to Mexico. Ambassador Bonillas sends a daily telegraphic report to his Government of what is said in Congress and in the press, and this also is furnished the Mexico City papers.

As a result the people of Mexico are well advised of the persistent propaganda in this country in favor of armed intervention. The threat made by our Secretary of State of a "radical change of policy" puzzled and alarmed them. When soon afterwards a troop of cavalry accompanied by airplanes was sent into Mexico in pursuit of bandits, the impression naturally followed that intervention had begun. Only in this way could they explain the words and acts of our Government.

Now, in spite of all the talk about their raiding across our border, their confiscation of our properties, their love of Germany and hatred of us, the Mexicans greatly dread a conflict with the United States. They continually speak of it as a "menace," a possible "calamity," a "disaster." They cherish no illusions as to the relative strength of the two countries. Yet they hold any Mexican a traitor who is not ready to fight, even in a losing struggle, and to fight to death. This is the gist of the speeches made at two public meetings held in Mexico City on Sunday of the week our troops were in Mexico. One was called by an influential political party, the other by leading professional men of the capital.

At the same time those in attendance on these meetings agreed that everything possible ought to be done to avert an armed conflict. Both asked by formal vote that congress hurry forward the framing of a petroleum law, and that the said law make a point of enacting that article 27 of the new constitution is not retroactive, thus guaranteeing all legitimate property rights. The general feel-

ing apparently was that while nothing humiliating ought to be done or agreed to, all real cause for complaint on the part of Americans having interests in Mexico should be removed.

Both meetings, also, by formal vote, asked the President of Mexico to publish all correspondence between his Government and that of the United States in regard to the various matters in controversy. One of them urged that the Senate appoint an investigating committee; another that a commission be sent to the United States with the purpose of bringing before the "intellectuals" there the real situation in Mexico, explaining to them the true sentiments of the Mexican people toward their neighbor country.

During the excitement which arose over the pursuit by American Cavalry of bandits in Mexican territory many individuals and groups throughout the country took occasion to send messages to President Carranza, assuring him of their adhesion and support. In fact the episode came to be quite a unifying influence. The opponents and critics of the President have agreed to postpone their activities, and the two houses of Congress show a disposition to stop playing at politics and give their attention to needed legislation. The present Congress, which passed from a special to a regular session on September 1, is more favorable to Carranza than that which preceded it. But even now there is so much jealousy as to the respective prerogatives of the Executive and the legislature that both houses rather take pleasure in balking his plans. In view of the troubles he has had, first with the constitutional convention and later with two successive congresses, the popular notion which blames Carranza with everything that has happened in Mexico is not without humor. As well hold Wilson to account for Lodge or Fall.

When the American troops crossed the river, the Mexico City papers printed the news with great headlines. Everybody jumped to the conclusion that it was a formal invasion and meant war. Early one morning at one of the stands in the market a woman was reading aloud to a group who had come to buy provisions. A few men were in it, but mostly it was women—poor women. At the news of impending war they began to weep. Nobody knows better what war means than the Mexican women. But as the reading went on and the danger to their country was set forth, they began to dry their eyes on their rebozos, and one of them said, angrily, amid general approval, "If the Yankees come, we women will fight, too."

These two extremes, the "intellectuals" in their Sunday meeting and the poor women in the market place, seem fairly representative of Mexican sentiment. It is practically unanimous in the resolve to make a bitter fight against foreign aggression. There are probably a few tepid patriots who would welcome a protectorate. There were in 1847, when we invaded Mexico, and again in 1864, when the French Emperor intervened. But the masses of the people, while deprecating the fate which should thrust them into an unequal conflict, are set in their determination to fight. They will resist, as one orator put it, till their country is destroyed rather than see it handed over to alien control.

*Resolved*, 1. To urge on Congress that as among the subjects it has pending to give preference to legislation in regard to petroleum and other matters involved in article 27 of the constitution. At all costs this law should recognize rights previously acquired, whether by Mexicans or others, and declare that no provision of the said article is retroactive.

2. That there should be introduced in one of the Houses of Congress and pushed through to enactment a law providing indemnities for damages suffered by reason of the revolution, since the present law does not command popular confidence and is evidently defective.

3. That by means of special legislation a fund be created to cover these claims for damages, and that once the amount of them is adjudicated they be counted as a part of the national debt.

4. That Congress be requested to advise the Congress of the United States of these laws when passed, as a proof that Mexico extends the fullest possible protection to the legitimate rights and interests of foreigners.

5. To urge upon the Senate that it request the President to furnish full information of all negotiations he has had with the Government of the United States in regard to the various causes of the present strained relations between the two countries. Also that it secure a complete list of all Mexicans killed or wounded in the United States during the last six years.

6. To secure action by Congress urging the President to publish all correspondence with the United States since 1915, with regard to outrages on Mexican citizens in the United States and on Americans in Mexico. This will serve



to quiet the national alarm and will enable the Senate to aid more adequately the Executive in connection with his weighty responsibilities.

Dr. WINTON. I will leave also, if you care for it, the action of the League of Mexican Students addressed to the Students' League in the United States. It is in the original Spanish.

The CHAIRMAN. We shall be very glad to have that left with the committee.

Dr. WINTON. This [indicating] is the report that I made to the Doheny committee, and this [indicating a book] is the study I made of the subject. A later edition has been brought out, and I will supply copies.

The CHAIRMAN. If you will do so, the committee will be very glad to pay you for it, Doctor. They do not want you to pay for it.

Dr. WINTON. I shall be very glad if I can see you and your colleagues reading my books.

The CHAIRMAN. I have a telegram here, Doctor, that counsel has suggested that you may know something about. Do you know anything about any subsidy to a school at Piedras Negras granted by Gov. Carranza?

Dr. WINTON. I can not say that I know anything worth while about it, except that it has frequently been stated publicly that he did grant subsidies to this work of Dr. Inman there. It was a school and reading room and lecture room and a lot of things like that that he called the people's institute.

The CHAIRMAN. That was an institute under the charge of Dr. Samuel Guy Inman who testified here yesterday?

Dr. WINTON. Yes, sir.

The CHAIRMAN. Do you know the amount of the subsidy granted by Mr. Carranza?

Dr. WINTON. I do not. I have a sort of vague impression that it was about a hundred dollars a month in Mexican money.

The CHAIRMAN. The statement is made in the telegram that it was a hundred and fifty dollars a month.

Dr. WINTON. That is probably correct.

The CHAIRMAN. Do you know whether that school is still in operation?

Dr. WINTON. As Mr. Inman explained yesterday, his board is abandoning that section of the Republic in favor of my board, and we are in the stage of negotiation just now, trying to arrange for the perpetuating of their work and for their taking over our work farther down.

The CHAIRMAN. In those negotiations has your attention been called to this subvention?

Dr. WINTON. That is a matter of more or less common knowledge, because our school at Saltillo received one also, in view of the fact that it was preparing teachers.

The CHAIRMAN. What is this subvention received by your normal school?

Dr. WINTON. It is not receiving it now, but it was. I believe, too, Gov. Miretes has restored it. It was \$100 a month. You are aware, of course, that the matter of titles to property for church affairs in Mexico is a very complicated one, and that delays our arrangements for exchange. The boards look at matters in a very

direct way. They say, "We have got a good piece of property, worth so much, here, and you have got one worth so much over here." It is a simple enough matter to them, but when you go down and try to arrange how best you can go before the Mexican legal situation it is not so easy. We do not know just how we are going to be able to work all those problems out.

The CHAIRMAN. The statement, however, of Dr. Inman's school receiving assistance from Gov. Carranza might be of interest, in view of the provision of the Mexican constitution, which prohibits any minister or other person connected with a school taking part in political affairs?

Dr. WINTON. Yes; those are new provisions. Nobody has got very well adjusted to it yet.

The CHAIRMAN. Dr. Inman's testimony yesterday that he has been assured by Mr. Carranza that he would not be interfered with you can corroborate. That is, you have that general assurance from the Mexican Government?

Dr. WINTON. So far as I know we have not been parties to seeking any such assurance as that. My advice to my people—I have not been officially active in the matter—has been simply to get a reasonably fair interpretation of what these provisions mean and then conform to them. Just what they mean, of course, is open to question, until they are more or less defined by statute. The restriction in regard to schools pertains to primary schools, only, which would seem to leave the way open for normal schools and high schools. Even then there is a prohibition against a minister teaching in them, and we do not know just where the thing will go. Part of the school property in Mexico has been held by boards of missions in the United States on the basis of a law that pertains to foreign corporations. They are ecclesiastical bodies, of course, and under the Mexican law, they do not have exactly the same status as, for example, an order of the Roman Catholic Church. The thing has been allowed to drift along that way. The effort of the Mexican Government has been to provide an effectual separation between church and State, and they have put in a good many laws and provisions with that in view. When they meet that, they do not need to meet those other things. It is in some degree a matter of construction.

The CHAIRMAN. Did you have any subvention from the governor of San Luis Potosi when you were working there?

Dr. WINTON. No, sir; my work was wholly carried on by my missionary board. The government was friendly and exempted the property from taxation, as I recall, but that is all.

The CHAIRMAN. I called Dr. Inman's attention yesterday to the treaty between the United States and Mexico in which the right to worship by the two peoples of the two countries was guaranteed. Have you had occasion to look into the treaty of 1831, followed by that of 1848 and 1854?

Dr. WINTON. No, sir; I regret to say that I have never made any careful study of those treaties. They contain a good many interesting clauses, by the way.

The CHAIRMAN. I will say to you that there was a question which arose in 1860 and 1865 with reference to the reciprocal rights of

Americans in Mexico under those treaties, whether they were guarded as specifically as the rights of the Mexicans residing in this country. That treaty was construed by Benito Juarez in the treaty of 1859, which was ratified by his government but never ratified by the Senate of the United States. However, he adopted a protocol explaining that the Mexican Government had always understood the same guarantees to apply to Americans in Mexico as were specifically applied to Mexicans in the United States.

Dr. WINTON. There were only two very slight restrictions that I recall affecting my status as a minister. One was a restriction against open air meetings, and the other was a matter of clerical dress. I had a clerical vest when I went down there and I bundled it up in the mail and sent it to my brother. I was very greatly relieved, because it had been given to me and I never did like to wear the thing.

The CHAIRMAN. That is all, Doctor. Thank you.

I would suggest, if it would suit you just as well, that we recess now for lunch and that you meet us at half past 2.

Dr. McDONALD. Very well, sir.

(Whereupon, at 1:20 o'clock p. m., the committee took a recess until 2:30 o'clock p. m.)

#### AFTERNOON SESSION.

The committee met at 2.30 o'clock, pursuant to the taking of recess.

#### STATEMENT OF JAMES G. McDONALD.

(The witness was duly sworn by the Chairman.)

The CHAIRMAN. State your full name, residence and occupation, if you please, Mr. McDonald.

Mr. McDONALD. James G. McDonald, 103 West Forty-second Street, New York City; Chairman of the League of Free Nations Association.

The CHAIRMAN. Do you prefer, Mr. McDonald, to make a statement rather than simply reply to questions?

Mr. McDONALD. If I might, I would be glad to just read a portion of the statement which I have prepared, just a half page or so of this, first.

The CHAIRMAN. Just suit yourself about the course you desire to pursue.

Mr. McDONALD. I will not bother you with reading the whole thing. In this statement I have merely tried to point out in a brief paragraph what the League of Free Nations Association is and how it came to be. It was an association formed a year ago this fall; that is, in November of 1918, as the result of a series of study conferences held weekly in New York and participated in by 40 or 50 editors and publicists and students of international politics during the summer and fall, and in November of last year they formed this Association, on the basis of a statement of principles which had nothing specifically to do with Mexico at all, but a statement of principles which they believed ought to underlie the possible settlement and what they want—some sort of new form of world organization

to remove the causes of war and to build up closer and more friendly relations between nations.

The members of the executive committee are enumerated here on this first page, with just a word as to who they are; and the members of the national council of this association are indicated on the second page.

This association did not take an active interest in Mexico, certainly did not take an interest to the extent of forming a subcommittee on Mexico, until the end of last July. At the meeting of the executive committee on July 25, I believe it was, it was decided to organize a small committee on Mexico, with a view to studying conditions there and giving publicity to the truth about economics and social development there since Diaz's régime.

The members of the Mexican committee are indicated here on the rest of this second sheet.

The program of this Mexican committee is summarized on the third sheet.

The immediate program is, first, syndicating gratis daily and Sunday feature material to the press throughout the country, presenting fact statements of actual conditions in Mexico.

Second, cooperating with societies throughout the country interested in justice for Mexico.

Third, preparing for a Mexican conference in New York City, and urging the holding of similar conferences elsewhere.

Fourth, arranging, in cooperation with other societies, for a mass meeting at Madison Square Garden.

Fifth, acting as a medium for the creation of a commission of five or six nationally known and representative Americans, to investigate and report on actual conditions in Mexico. This commission will probably leave about October 2.

Sixth, studying the situation from every angle, with a view to aiding in the formulation of a Mexican policy, at once economically sound and socially justifiable.

This commission will probably leave about October 2, study the situation there thoroughly, with the idea of aiding, as I have stated.

By the way, before I forget it, I would like to have noted that Mr. Inman's title on page 2, as a member of our Mexican committee is given here incorrectly. His exact title, I take it, will appear in yesterday's proceedings. It is executive secretary of the committee on cooperation in Latin America.

We respectfully suggest to the Senate subcommittee that the following individuals be asked to testify with reference to Mexican conditions. Leo S. Rowe, of the Treasury Department; Bishop Francis J. McConnell, of Denver, Colo.; Dr. H. S. Chester, Secretary of the Southern Presbyterian Mission Board; Dr. A. W. Halsey, of the New York Presbyterian Board; Ross A. Hadley of the Friends' Mission Board, Indiana; David Lawrence of the New York Evening Post; Prof. Joseph Chamberlain, of the Columbia University.

This association will be glad at any time to supply to the committee an auditor's statement showing receipts and expenditure since the conformation of the committee on Mexico, or, if you wish.

since the association was formed; names of all contributors will be gladly supplied.

I would like to add here this statement to my formal statement.

We respectfully suggest that the Senate Foreign Relations Subcommittee ask a similar auditor's statement from the National Association for the Protection of American Rights in Mexico.

The CHAIRMAN. In this last statement you suggest, by making the request you have, that there is some antagonism between the work of your committee and that of the last committee to which you have referred, the Committee for the Protection of American Rights.

Mr. McDONALD. I am not conscious of any antagonism, sir.

The CHAIRMAN. The request is made of the committee that we should request the committee on the protection of American rights in Mexico to file an auditor's statement of their expenditures, following a statement that you are prepared to file an auditor's report of your expenditures, and that rather suggests that you thought one committee was laboring along one line possibly, and another on another line.

Mr. McDONALD. Well, they are both interested in Mexico, Mr. Chairman.

The CHAIRMAN. The committee is glad to have your suggestions, of course, and the committee for the protection of American rights, or any other responsible committee or persons' suggestions with reference to its investigations, and would take such suggestions under proper consideration.

You state, Mr. McDonald, that you expect the committee or a subcommittee of your Mexican committee to leave about October 2, for the study of actual conditions in Mexico.

Mr. McDONALD. Yes; not a subcommittee of our committee, really, but acting merely as a clearing house for the formation of this group.

The CHAIRMAN. It will leave about October 2 for the study and report upon actual conditions in Mexico?

Mr. McDONALD. Yes, sir.

The CHAIRMAN. That is under the fifth head?

Mr. McDONALD. Yes, sir?

The CHAIRMAN. Who will form that committee?

Mr. McDONALD. The committee is not completed, but Bishop McConnell of Denver will probably be one member of the committee; Royal S. Davis, of the New York Evening Post, a second member; and a Mr. Taylor, whose initials, I think, are J. S., representing the Friends of Philadelphia, a third member. The other members have not yet been selected.

The CHAIRMAN. Have any approaches been made to the Mexican officials with reference to the visit of this committee to Mexico?

Mr. McDONALD. None at all, sir.

The CHAIRMAN. Mexico has not been notified of your intentions in this matter?

Mr. McDONALD. No, sir; except as they would receive notification through a circular letter which went out to our members. That is, there are no Mexican officials members of our association. They may know of this plan through that general letter, but we have had no official communication.

The CHAIRMAN. Do you forward to Mexico, through sources in this country, transmit to Mexico the work of your committee, as evidenced by bulletins, circulars, letters, and statements, etc., which you are sending out in this country?

Mr. McDONALD. I do not know what our Mexican mailing list is. I presume our Mexican correspondent receives all our material. Certainly we receive material from Mexico City.

The CHAIRMAN. Who is your Mexican correspondent?

Mr. McDONALD. Mr. George F. Weeks.

The CHAIRMAN. And his location is what?

Mr. McDONALD. He is editor of the Mexican Review.

The CHAIRMAN. Where?

Mr. McDONALD. Mexico City.

The CHAIRMAN. You have referred to *La Revista Mexicana*. You state here, first, that you are engaged in syndicating gratis daily and Sunday feature material to the press throughout the country, presenting fact statements of actual conditions in Mexico. What method do you pursue of ascertaining the truth of the facts contained in the statements which you are syndicating?

Mr. McDONALD. We get the best evidence available to the members of committee or other people whom we consult in New York or elsewhere.

The CHAIRMAN. Your committee are James G. McDonald, chairman; Rev. Henry A. Atkinson, and others whose names you have given, whom it is not necessary for me to repeat now. How often does your committee meet?

Mr. McDONALD. Our committee has met actually since its formation was authorized, on July 25—I think its first meeting was perhaps July 29—it has met, I should say, three times, or possibly four times since then.

The CHAIRMAN. Has the material which you are sending out been submitted to your committee at any meeting?

Mr. McDONALD. Not all of it.

The CHAIRMAN. Has any of it?

Mr. McDONALD. Yes, sir.

The CHAIRMAN. What has been submitted to your committee among your material?

Mr. McDONALD. That would involve a detailed knowledge of each thing we have sent out, sir, and I am not prepared off hand to tell you, because we have sent out a good many things. I would be glad, if there is any question as to any specific matter, to answer you.

The CHAIRMAN. I will take it up in more detail. I have here, under the caption "Free service—The League of Free Nations Association, New York—Release on receipt," an interview given by Engineer Joaquin Santaella, Chief of the Petroleum Section of the Mexican Department of Industry, Commerce, and Labor, translated from *Excelsior*, of August 14, 1919. Was that submitted to your committee?

Mr. McDONALD. I do not know, sir.

The CHAIRMAN. What method did you pursue before sending this out to ascertain the facts set forth, the truth of them?

Mr. McDONALD. We sent it out as a statement of the head of the Mexican Technical Commission, presuming, as an official document, it would set forth the truth.

The CHAIRMAN. You caused no investigation to be made of either the law or the facts or the statements set forth in it?

Mr. McDONALD. Well, the material was prepared by certain members of the committee, who presumably knew.

The CHAIRMAN. Who prepared it; what members of the committee prepared this particular document?

Mr. McDONALD. That particular document was edited, I think, by De Bekker.

The CHAIRMAN. Who is Mr. de Bekker?

Mr. McDONALD. Mr. de Bekker, to the best of my knowledge, sir, was a correspondent in Mexico for the New York Tribune, returned in May and resigned from the Tribune. Formerly he was what you call editor of secondary news for a number of years on the Evening Post; and prior to that he was with the Herald, I believe, and possibly with some other New York paper.

The CHAIRMAN. Do you happen to know whether Mr. de Bekker is a lawyer?

Mr. McDONALD. I have a very definite impression that he is not, sir.

The CHAIRMAN. This article, then, was suggested to you by Mr. de Bekker, brought to you by Mr. de Bekker, or prepared for you by Mr. de Bekker?

Mr. McDONALD. I do not know how the thing came into the office. It was suggested to me by Mr. de Bekker, yes, and issued on the responsibility of the person who prepared it.

The CHAIRMAN. De Bekker?

Mr. McDONALD. No; Mr. Santaella.

The CHAIRMAN. This appears to be a reprint from the Excelsior?

Mr. McDONALD. Yes, sir.

The CHAIRMAN. Who obtained it from the Excelsior and presented it to you?

Mr. McDONALD. I presume it came from Mr. Weeks along with other material. I do not know about that. I say that because we get the Excelsior occasionally, but we have not any complete file.

The CHAIRMAN. Did you give any personal attention to this article before sending it out?

Mr. McDONALD. I glanced it through.

The CHAIRMAN. Are you now familiar with the contents of it?

Mr. McDONALD. No, sir.

The CHAIRMAN. As nearly as you recall now, it was only passed upon by Mr. De Bekker?

Mr. McDONALD. It was passed upon by me before it went out, but I did not go through the thing thoroughly, and I am not thoroughly acquainted with it now.

The CHAIRMAN. That is your custom in sending out your material, is it?

Mr. McDONALD. Some material, yes.

The CHAIRMAN. It was in this case, at any rate, the procedure which you followed?

Mr. McDONALD. Yes, sir.

The CHAIRMAN. I have here advance proofs from the World Tomorrow, the League of Free Nations, New York, "The Truth About Mexico." Who prepared that article?

Mr. McDONALD. That article was written by Mr. Norman Thomas, the editor of the *World To-morrow*.

The CHAIRMAN. Who called attention to it?

Mr. McDONALD. Mr. Thomas talked the thing over with me before he prepared it, and said he would like to have our judgment on it before he set it up, and I read it before he set it up, and after it was set up we thought we would like to send it out.

The CHAIRMAN. Who thought?

Mr. McDONALD. I should say in this case it was submitted to the members of the committee, and I think the committee very generally felt that it ought to go out.

The CHAIRMAN. That was submitted, then, to the Rev. Henry A. Atkinson, Prof. Joseph Chamberlain—

Mr. McDONALD. No; it was not submitted to the full membership of the committee. It was submitted to the members that I could get over the phone. It was submitted to Mr. Kellogg, I believe.

The CHAIRMAN. Paul Kellogg, editor of the *Survey*?

Mr. McDONALD. Yes, sir; and also submitted to Mr. de Bekker.

The CHAIRMAN. Yes—

Mr. McDONALD. And probably those are the only two members of the committee besides myself.

The CHAIRMAN. I notice in this article reference in these words:

This testimony is supported by the Protestant missionaries who work in Mexico, by that trained and impartial observer, Mr. de Bekker, and by the simple fact that the Mexican official commission on financial reorganization turned to America for nine of its expert advisers.

This is the Mr. de Bekker to whom this article was submitted, among others, is it?

Mr. McDONALD. Yes, sir.

Senator BRANDEGEE. The chairman being interrupted a moment, I will ask you a question or two. You spoke of having got these gentlemen over the phone. Did you get them together so that they sat together?

Mr. McDONALD. Not in connection with this.

Senator BRANDEGEE. The article was sent to each one of them?

Mr. McDONALD. Yes; it was sent; but I mean that just those two gentlemen gave their opinions before the thing was sent out.

The CHAIRMAN. Mr. Thomas, you say, wrote this article?

Mr. McDONALD. Yes, sir.

The CHAIRMAN. And he is the editor of *The World To-morrow*?

Mr. McDONALD. Yes, sir.

The CHAIRMAN. What has been Mr. Thomas's attitude, if you know, during this war which is just over?

Mr. McDONALD. I don't know, sir, except very casually. As a matter of fact, I don't know Mr. Thomas at all personally, or did not know him until the last two or three months.

The CHAIRMAN. You do not know whether his leanings were pro-Ally or not?

Mr. McDONALD. I do not know whether they were pro-Ally or not; no, sir.

The CHAIRMAN. You have only known him very recently?

Mr. McDONALD. Very recently; yes, sir.

The CHAIRMAN. You have had not reason to think that his leanings were pro-German?



Mr. McDONALD. No, sir.

The CHAIRMAN. You have not made an investigation along that line, have you, Mr. McDonald?

Mr. McDONALD. No, sir.

The CHAIRMAN. He simply called this article to your attention and you took it up with Mr. de Bekker and Mr. Kellogg, of the committee, and you agreed that it should be passed out?

Mr. McDONALD. Well, Mr. Thomas was very strongly recommended to us as an honest man by friends in Philadelphia, in whom we have confidence; but about Mr. Thomas's war record I know nothing of my own knowledge, sir.

The CHAIRMAN. Who recommended Mr. Thomas to you?

Mr. McDONALD. Mr. Harvey, of the Society of Friends in Philadelphia, and Mr. Taylor, that I spoke of a moment ago, and he is very prominent in what is called the Young Friends' Movement in the Society of Friends.

The CHAIRMAN. I have here, under the caption—

Free Service—The League of Free Nations Associations, New York—Release on Receipt—Crops for the Year 1918 in Mexico.

Who prepared that article?

Mr. McDONALD. I can not answer, sir, except that Mr. de Bekker has had general charge of publicity material, and I should say that he prepared it.

The CHAIRMAN. Did you pass upon it?

Mr. McDONALD. In a casual way only, sir.

The CHAIRMAN. Did you undertake to check it up to ascertain the truth?

Mr. McDONALD. Personally I did not.

The CHAIRMAN. Did you present it to any other members of your committee?

Mr. McDONALD. No, sir.

The CHAIRMAN. Did you authorize Mr. de Bekker to send it out, or did you send it out yourself?

Mr. McDONALD. I do not know quite what to say to that, because, of course, neither he nor I actually sent it out. It was sent out by the outer office, but Mr. de Bekker probably asked me whether it should go and I probably told him yes.

The CHAIRMAN. What do you mean by the outer office?

Mr. McDONALD. Where the mailing and sealing is done.

The CHAIRMAN. That office does not just pick up stuff?

Mr. McDONALD. No. I mean that Mr. de Bekker told them to do it, but practically I told him to go ahead.

The CHAIRMAN. But it was not passed on by any committee?

Mr. McDONALD. No, sir.

The CHAIRMAN. Have you reported to your committee what you were sending out?

Mr. McDONALD. The committee received everything.

The CHAIRMAN. I understand they received everything, but I asked you whether you made any report to them as to what you sent out?

Mr. McDONALD. Yes, sir.

The CHAIRMAN. Have you a copy of that report?

Mr. McDONALD. You mean a formal written report?

The CHAIRMAN. Yes, sir.

Mr. McDONALD. No, sir; we do not make a formal written report.

The CHAIRMAN. I note here: "Free service. The League of Free Nations Association, New York. Release on receipt. Huerta and Revenge, by L. J. de Bekker." Presumably that was prepared by Mr. de Bekker?

Mr. McDONALD. He signed it, sir.

The CHAIRMAN. Who sent it out?

Mr. McDONALD. Our association, sir.

The CHAIRMAN. By whose order?

Mr. McDONALD. By my order, as far as there was an executive order.

The CHAIRMAN. Was that presented to any of the members of your committee?

Mr. McDONALD. Not in advance of its being sent out.

The CHAIRMAN. I have here:

Free service. The League of Free Nations Association, New York—Release on receipt—Weeks versus Creel.

Do you recall that article?

Mr. McDONALD. Yes, sir.

The CHAIRMAN. Who prepared it?

Mr. McDONALD. If it is the article I have in mind it is an extract—may I ask whether that is the exact title?

The CHAIRMAN. Yes. I will read the first part of it so as to refresh your memory:

Mr. George Creel, lately chairman of the committee on public information, but who has not been in Mexico recently, has been writing about the oil situation there, apparently on second-hand information. Mr. George F. Weeks, lately of the Committee on Public Information, who has spent a quarter of a century in Mexico and is there now, and is in close contact with the Petroleum Technical Commission of the Mexican Government, differs from his former chief, both as to facts and the inferences drawn from them.

The League of Free Nations Association, which desires only that the truth about Mexico be known, offers the following excerpt from a letter from Mr. Weeks to help clarify the situation.

Mr. McDONALD. I presume the rest of that is from Mr. Weeks's article in *La Revista*.

The CHAIRMAN. "But," you say, "there is an official record of the amount of oil shipped by each company of its value and of the export taxes paid thereon. For 1918 it was as follows."

Now, what was the source of your information on this subject—just the Weeks letter or the article in *La Revista*?

Mr. McDONALD. That I can not answer.

The CHAIRMAN. You do not know who prepared this, then?

Mr. McDONALD. I presume Mr. de Bekker prepared it.

The CHAIRMAN. Was it presented to any member of your committee?

Mr. McDONALD. No, sir.

The CHAIRMAN. And you did not check it over yourself?

Mr. McDONALD. No, sir.

The CHAIRMAN. It was sent to the outer office or handed to the outer office by yourself or Mr. de Bekker to be sent out?

Mr. McDONALD. Presumably by Mr. de Bekker; yes, sir.

The CHAIRMAN. I have here:

Free service—The League of Free Nations Association, New York—Release on receipt—Improved conditions in Mexico.

Do you recall that article?

Mr. McDONALD. I recall it in a very general way, sir.

The CHAIRMAN. Who prepared it?

Mr. McDONALD. It was prepared precisely as the last one, I take it; that is, by Mr. de Bekker on the basis of information he had.

The CHAIRMAN. And submitted to any member of your committee?

Mr. McDONALD. No, sir.

The CHAIRMAN. Verified in any way by yourself?

Mr. McDONALD. Not personally; no, sir.

The CHAIRMAN. And sent out as the other material was sent out, either handed in by Mr. de Bekker or yourself?

Mr. McDONALD. Yes, sir.

The CHAIRMAN. I have here:

Free service—The League of Free Nations Association, New York—Release August 30, 1919—Small-town stuff, by Kincheloe Robbins.

Do you recall that article?

Mr. McDONALD. I recall the title, simply, sir.

The CHAIRMAN. It was sent out by your organization?

Mr. McDONALD. Yes, sir.

The CHAIRMAN. Do you know who prepared it?

Mr. McDONALD. I presume Mr. de Bekker did.

The CHAIRMAN. Then Mr. de Bekker sometimes signs other names, does he?

Mr. McDONALD. Well, may I see it?

The CHAIRMAN. Certainly. You sent it to me, Mr. McDonald.

Mr. McDONALD (after examining the paper handed him). I confess I do not know who Mr. Kincheloe Robbins is. It may be Mr. de Bekker.

The CHAIRMAN. Did you ever read it before?

Mr. McDONALD. No.

The CHAIRMAN. Do you know anything about it at all?

Mr. McDONALD. Only what I have seen now.

The CHAIRMAN. Did you know it had been sent out?

Mr. McDONALD. Yes.

The CHAIRMAN. Then you have seen it before?

Mr. McDONALD. Yes, sir; I had seen it before; I had not read it before.

The CHAIRMAN. It was not presented to your committee?

Mr. McDONALD. No.

The CHAIRMAN. Who presented it to you when you saw it before?

Mr. McDONALD. I remember once seeing it, after the thing was printed; and Mr. de Bekker may have shown it to me before.

The CHAIRMAN. You only saw it after it was printed.

Mr. McDONALD. I may have seen it before; I don't remember.

The CHAIRMAN. It was sent out from your outer office, having arrived there in the usual course?

Mr. McDONALD. It was sent out by us; yes, sir.

The CHAIRMAN. Which you have described?

Mr. McDONALD. Yes, sir.

The CHAIRMAN (reading):

Reprinted from the New York Sun, Tuesday, August 26, 1919—United States prepared to run Mexico as it did Cuba—Intervention plans complete as to land and sea operations—Country is helpless—Bankruptcy and confiscation of

foreign property unescapeable—Special dispatch to the Sun—Washington, August 25.

Who prepared this?

Mr. McDONALD. Of course, that was merely extracted from the Sun.

The CHAIRMAN. Who did it?

Mr. McDONALD. I did, sir.

The CHAIRMAN. You yourself?

Mr. McDONALD. Yes.

The CHAIRMAN. Did you submit it to any of your committee?

Mr. McDONALD. Except as I talked to them over the phone—talked to one or two members.

The CHAIRMAN. What members?

Mr. McDONALD. Mr. Kellogg in this case and perhaps one other member.

The CHAIRMAN. But you do not recall his name?

Mr. McDONALD. No.

The CHAIRMAN. And not with Mr. De Bekker?

Mr. McDONALD. Yes; Mr. De Bekker and myself talked the thing over, but I meant other than Mr. De Bekker.

The CHAIRMAN. This is the one article so far referred to which you yourself prepared?

Mr. McDONALD. I did not prepare it except as I used the shears in cutting it out of the Sun.

The CHAIRMAN. I understand that you did not write it, but you used the shears and cut it out of the Sun and prepared it for your outer office for printing and being sent out?

Mr. McDONALD. Yes, sir.

The CHAIRMAN. And this is the only one of these documents so far referred to which you did so prepare?

Mr. McDONALD. I do not know what my connection was specifically with the article about the "Truth about Mexico," but, in general, that is an accurate statement.

The CHAIRMAN (reading):

Reprinted from the New York Evening Post, Tuesday, August 5, 1919—Gates's notes show relation with Mexican rebels testified recently at Congress hearing would overthrow Carranza—Failed to get Washington interested in plan to send our various rebel factions—By David Lawrence, special dispatch to the Evening Post.

Who prepared this for sending out?

Mr. McDONALD. I would say that was my selection from the Post.

The CHAIRMAN. Did you have the authority of the Evening Post to use it as propaganda matter?

Mr. McDONALD. Yes, sir.

The CHAIRMAN. And you prepared it yourself?

Mr. McDONALD. Yes, sir.

The CHAIRMAN. You are the exchange editor for your—

Mr. McDONALD (interposing). I am not normally; no, sir. If I were, I would know more about those other things, sir.

The CHAIRMAN. Who is your exchange editor?

Mr. McDONALD. We do not function quite as a newspaper. We have no exchange editor in the technical sense.

The CHAIRMAN. Well, who would know more about these things?

Mr. McDONALD. Mr. De Bekker.

The CHAIRMAN. Mr. De Bekker?

Mr. McDONALD. Yes, sir.

The CHAIRMAN. This article by Lawrence, then, appearing in the Post, you think was prepared as propaganda material by yourself and by authority of the Post?

Mr. McDONALD. The Post knew we were using it; yes.

The CHAIRMAN. You notified them that you proposed to use it?

Mr. McDONALD. I do not know specifically that we notified them.

The CHAIRMAN. Well, it is a copyrighted article.

Mr. McDONALD. It is a copyrighted article, and we give them credit for it. I presume they were asked about it. At any rate, there was never any objection.

The CHAIRMAN. You did not ask them personally?

Mr. McDONALD. No, sir.

The CHAIRMAN. It was prepared by you with the shears, and sent by you to the outer office for mailing, as part of your propaganda material?

Mr. McDONALD. Yes, sir.

The CHAIRMAN. Did you before sending that out bring the matter to the attention of Mr. Gates, who is quoted in it?

Mr. McDONALD. The Evening Post, I understand, before Mr. Lawrence prepared his article, had Mr. Gates on the long distance phone and talked it over with him.

The CHAIRMAN. You yourself did not?

Mr. McDONALD. No, sir.

The CHAIRMAN. Have you talked with Mr. Gates since about it?

Mr. McDONALD. I have not talked with Mr. Gates, before or since.

The CHAIRMAN. I have here:

Free service—The League of Free Nations Association, New York—Release on receipt—Wilson's mistaken policy, by L. J. De Bekker.

Presumably this article was prepared by Mr. De Bekker or Mr. Kincheloe or somebody. Do you know just who prepared it?

Mr. McDONALD. Mr. De Bekker prepared it, sir.

Senator BRANDEGEE. Is Mr. De Bekker an employee of your association?

Mr. McDONALD. He is, sir.

Senator BRANDEGEE. Employed by the year?

Mr. McDONALD. No, sir.

Senator BRANDEGEE. By the month?

Mr. McDONALD. Well, he was employed by us practically on a weekly basis, beginning the 1st of August. He is still in our service, sir.

Senator BRANDEGEE. The 1st of August of what year?

Mr. McDONALD. This year.

Senator BRANDEGEE. What is the title of the position which he holds?

Mr. McDONALD. He has never been honored with a title, sir. He is a member of the committee and has done most of our publicity work.

Senator BRANDEGEE. He is a member of your association, then?

Mr. McDONALD. He is a member of the committee. I don't know whether he is a member of the association or not.

Senator BRANDEGEE. Is not the committee composed of people who are members of the association?

Mr. McDONALD. The members of the committee are not of necessity members of the association, because all the members of the association are \$5 members.

Senator BRANDEGEE. How many members of the association are there?

Mr. McDONALD. Of actual \$5 members, about 1,250, I should say.

Senator BRANDEGEE. Is there a different class of membership besides the \$5 membership?

Mr. McDONALD. No. That is the only kind of members we have. We have others who contribute, however, who may contribute in less amounts than \$5, and then we have still others on the mailing list who contribute nothing.

Senator BRANDEGEE. Is the League of Free Nations Association an incorporated body?

Mr. McDONALD. No, sir.

Senator BRANDEGEE. Just a voluntary association?

Mr. McDONALD. Yes, sir.

Senator BRANDEGEE. You say in this paper that you filed with the committee a few moments ago, that, as the result of those conferences held during the summer and fall of 1918, this group formed the League of Free Nations Association on the basis of a statement of members issued in November, last year.

Mr. McDONALD. Yes, sir.

Senator BRANDEGEE. Have you put that statement in the record?

Mr. McDONALD. No; it has not been put in, but it is here, and if you would like to have it—

Senator BRANDEGEE. I would like to look at it and then see whether it should go into the record or not.

Mr. McDONALD. I would be glad to supply you with any number of copies. Here is another copy.

Senator BRANDEGEE. Your paper purports to state those principles, emphasizes the necessity for some sort of new form of world organization, to remove the causes of war, and to build up closer and more friendly relations between nations.

Mr. McDONALD. Yes, sir.

Senator BRANDEGEE. Now, have you made this association world-wide yet?

Mr. McDONALD. Not in the sense—I did not mean that our association was to be world-wide. I merely meant that we here would urge the adoption of—well, specifically, for instance, the league of nations. That was one of the cardinal principles in our statement of principles.

Senator BRANDEGEE. "Some sort of new form of world organization."

Now, as a matter of fact, have you adopted resolutions, or in any way taken cognizances in your association as to whether they are in favor of the proposed form for a league of nations now pending in the Senate?

Mr. McDONALD. Yes, sir.

Senator BRANDEGEE. I would like to have that also.

Mr. McDONALD. We took a referendum of our members in the course of the spring, and we asked them, as I remember it, four questions. If you like, I will give you a form of that. We asked them specifically this. They were permitted to mark whether they favored what is set forth in this referendum ballot. I will read it.

First:

I favor unreserved ratification by the Senate of the treaty with Germany, including the league of nations covenant.

Second:

I favor unreserved rejection by the Senate of the treaty with Germany, including the league of nations covenant.

Third:

I favor ratification by the Senate of the treaty with Germany, including the league of nations covenant, provided reservations are made by the Senate on article 10 of the covenant.

Fourth:

I favor ratification by the Senate of the treaty with Germany, including the league of nations covenant, and urge the following qualifications or interpretations by the Senate: That Kiaochow and the German concessions in Shantung be immediately restored to China; that nothing in the league of nations covenant be interpreted to inhibit the right of revolution; that Germany and Russia be admitted without delay into the council of the league of nations.

That was the referendum, and, as the result of that referendum and as the result of a meeting of our membership in New York, the following resolution was adopted:

*Resolved*, That the League of Free Nations Association, in accordance with a referendum of its full membership, calls upon all forward-looking citizens to urge the United States Senate:

1. To ratify without reservation the treaty with Germany, including the league of nations covenant. Such ratification would establish immediate peace, the world's most urgent need in the interest of order and progress, would abolish many international injustices which have proved prolific causes of war, and would create an agency for the rectification of remaining injustices and for the establishment of mutually advantageous and just relations between nations.

2. To accompany its ratification with a resolution declaring it to be the purpose of the United States, as made possible by the league of nations covenant, to:

(a) Press for the immediate restoration of Kiaochow and the German concessions in Shantung to the Chinese Republic.

(b) Hold that nothing in the treaty or the covenant shall be construed as authorizing interference by the league of nations in internal revolutions or as preventing genuine redress and readjustment of boundaries, through orderly processes provided by the league, at any time in the future that these may be demanded by the welfare and manifest interest of the people concerned.

(c) Call for the inclusion of Germany in the council of the league as soon as the new republic shall have entered in good faith upon carrying out the treaty provisions; for the inclusion of Russia as soon as the Russian people establish stable government; and for the full participation of both Germany and Russia on equal footing in all economic intercourse as the best insurance against any reversion to the old scheme of balance of power, economic privilege, and war.

(d) Press for the progressive reduction of armaments by all nations.

(e) Throw its whole weight in behalf of such changes in the constitution and such developments in the practice of the league as will make it more democratic in its scheme of representation, its procedure more legislative and less exclusively diplomatic—an instrument of growth invigorated and molded by the active, democratic forces of the progressive nations.

Mr. McDONALD. I have quite a lot [examining]. There is one thing that has gone out since that. It is an open letter addressed to the President of the United States [handing document to the chairman].

The CHAIRMAN. This document which you have just handed me is headed "League of Free Nations Association, 130 West Forty-second Street, New York City, September 3, 1919; to the Hon. Woodrow Wilson, President of the United States of America, Executive Mansion, Washington, D. C. Mr. President," and it is signed by "L. J. de Bekker, James G. McDonald, for the committee on Mexico." Mr. McDonald, was that article, before being sent out, submitted to your committee?

Mr. McDONALD. The thing was submitted to all the members of the committee, but answers from all of them were not had before the thing was sent out.

The CHAIRMAN. From whom—from what members of the committee did you have answers?

Mr. McDONALD. Well, when I left New York, sir, we had an answer from Dr. Lynch and Dr.—the thing was submitted; it was not read at the committee meeting when Mr. Davis was present, and Mr. Inman, and one or two other members of the committee. It was also submitted to Mr. Moors before it was sent out, and to two or three other persons not members of the committee, whom we hoped would lay it before the President. It was submitted to them because they were going to present it to the President, and that part of it fell through.

The CHAIRMAN. The other members of the committee to whom it was sent—did they approve it, all of them?

Mr. McDONALD. Yes, sir.

The CHAIRMAN. After reading it?

Mr. McDONALD. Yes, sir; I presume so.

The CHAIRMAN. You presume so?

Mr. McDONALD. Yes, sir.

The CHAIRMAN. And did they have any explanation of it in addition than simply the article itself?

Mr. McDONALD. No, sir. I should say that Mr. Moors suggested certain changes, and three or four other persons to whom it was sent suggested changes, and these changes were incorporated in the letter.

The CHAIRMAN. Can you point out where those changes were incorporated?

Mr. McDONALD. I could not, sir, because I have not the other copy here. They are matters of style and emphasis rather than anything else, I should judge. You will notice that this says that we had a membership of 2,400. I said a moment ago that we had a paid membership of 1,250. This membership included those who received this service on the list—

The CHAIRMAN. Yes; but that did not attract any attention; but it happens that I looked rather to the end of the letter, and I note about the fourth from the last paragraph the following:

The only people, in fact, Mr. President, who have been actively engaged in a shameless effort, by the publication of alleged atrocities and by the slander of the whole Mexican nation, to force an intervention, are a group of oil interests and mine owners who, by subsidies to bandits, are fomenting armed rebellion against the Government of Mexico, although bound by terms of the



concessions under which they operate to regard themselves as Mexican citizens in the eyes of the law, and not to seek diplomatic aid in the settlement of their grievances or claims against the Mexican Government.

Now, Mr. McDonald, to what oil interests do you refer?

Mr. McDONALD. I personally had no specific oil interests in mind.

The CHAIRMAN. You say that you had no specific oil interests in mind?

Mr. McDONALD. No, sir.

The CHAIRMAN. Then you intended to refer generally to the American oil interests; you intended that, did you?

Mr. McDONALD. No, sir.

The CHAIRMAN. You did not?

Mr. McDONALD. No, sir.

The CHAIRMAN. What did you intend, Mr. McDonald, by it?

Mr. McDONALD. I intended that I had the impression that all the oil interests were interested in painting a black picture in Mexico, to paint the picture in Mexico rather black. I had no specific information in regard to oil propaganda at all, sir.

The CHAIRMAN. But you joined in this statement, Mr. McDonald?

Mr. McDONALD. I did, sir.

The CHAIRMAN. And you have no specific information upon the matter whatsoever?

Mr. McDONALD. The matter of specific information beyond what I indicated; no, sir.

The CHAIRMAN. I have not heard you indicate any. What information did you have with reference to the oil interests and their activities in Mexico and their propaganda?

Mr. McDONALD. I had no specific information beyond the fact that it seemed to me that we were getting in the daily press for the last two or three months an exceedingly unusual amount of information about Mexico, most of it painting the picture very dark, and I understand the chief economic difficulty is the oil problem in Mexico. Beyond that I have no reason for accusing anybody—

The CHAIRMAN. You also referred to the "mining interests." You did not confine your statement to the oil interests—

Are a group of oil interests and mine owners, who, by subsidies to bandits, are fomenting armed rebellion against the Government of Mexico.

That is a pretty strong charge, Mr. McDonald. And you say you have no specific or other information upon the subject?

Mr. McDONALD. No, sir. The matter of fomenting rebellion, the only specific reference I had was the case of Pelaez in Tampico.

The CHAIRMAN. What do you know about that?

Mr. McDONALD. Only the particular thing—that is, the charge that Mr. de Bekker made in The Nation.

The CHAIRMAN. And your information is a charge made by Mr. de Bekker?

Mr. McDONALD. Yes, sir; the charge made in The Nation and the answer that came from the departments.

The CHAIRMAN. And that is all that you had upon the subject—all the information that you had upon that subject?

Mr. McDONALD. We wrote a letter to the State Department, to Mr. Lansing, calling his attention to that charge and asking whether it was true that the State Department knew of the payment to Pelaez

of money, and Mr. Adee replied, saying that before he answered our request he would like to know where we had got our information, and my answer to Mr. Adee was that the charge had been made in *The Nation* by Mr. de Bekker, and I repeated what Mr. de Bekker told me, that Mr. Prussing, I think it was—I am not sure of the spelling—that in an interview with Mr. Prussing and Mr. de Bekker in the office, and according to Mr. de Bekker's statement Mr. Prussing said that he was employed by certain oil interests and admitted payments to Pelaez.

The CHAIRMAN. And you wrote all of this to Mr. Adee?

Mr. McDONALD. Yes, sir.

The CHAIRMAN. Have you copies of that correspondence?

Mr. McDONALD. I have. I can find it for you. Do you want me to put it into the record?

The CHAIRMAN. Yes, sir.

Mr. McDONALD. Do you want—

The CHAIRMAN. Have you the answer received to that?

Mr. McDONALD. We have not received an answer.

The CHAIRMAN. Did you receive an acknowledgment of your last letter?

Mr. McDONALD. No, sir.

The CHAIRMAN. And the only communication upon the subject that you have received has been the acknowledgment of your letter by Mr. Adee with the request that you furnish him with the source of your information?

Mr. McDONALD. Yes, sir.

The CHAIRMAN. And that is all you have heard from him?

Mr. McDONALD. Yes, sir.

The CHAIRMAN. Did Mr. de Bekker at any of these conferences ever tell you that he knew about payments to anyone else except Pelaez?

Mr. McDONALD. No, sir.

The CHAIRMAN. Did you ever hear of payments to anyone else except Pelaez?

Mr. McDONALD. No, sir.

The CHAIRMAN. Do you speak Spanish or do you read it, Mr. McDonald?

Mr. McDONALD. I speak it and read it sufficiently to have some credit in college, but that does not say very much about my knowledge now. I can read it; yes, sir.

The CHAIRMAN. You can read it? The Spanish documents and the papers that you get, can you read them yourself?

Mr. McDONALD. I can read them.

The CHAIRMAN. And you do read them yourself and not have Mr. de Bekker read them for you? That is what I mean.

Mr. McDONALD. Yes, sir. If I do not find those letters for you right now, may I send them to you?

The CHAIRMAN. You can send them later. Now, Mr. McDonald, this is an appeal to the President of the United States, and Mr. de Bekker and yourself for your committee stated to the President of the United States, I read again, that—

The only people, in fact, Mr. President, who have been actively engaged in a shameless effort, by the publication of alleged atrocities and by the slander of the whole Mexican Nation, to force an intervention are a group of oil interests

and mine owners who, by subsidies to bandits, are fomenting armed rebellion against the Government of Mexico, although bound by terms of the concessions under which they operate to regard themselves as Mexican citizens in the eyes of the law and not to seek diplomatic aid in the settlement of their grievances or claims against the Mexican Government.

You made that statement as a fact to the President. Now you say that you had no other foundation for that statement than what you have given us—statements made by Mr. de Bekker?

Mr. McDONALD. Yes, sir; that is my only concrete information.

The CHAIRMAN. Then you took the matter up by correspondence with the State Department?

Mr. McDONALD. I submitted the charge to the State Department.

The CHAIRMAN. Was that following the preparation of this letter or prior to it?

Mr. McDONALD. Prior to it.

The CHAIRMAN. Then, after you had written to the State Department, you did not wait for an answer from them before getting up this letter?

Mr. McDONALD. We waited a matter of two or three weeks.

The CHAIRMAN. And in two or three weeks, not having received an answer, then you issued this letter to the President and sent it out to the public?

Mr. McDONALD. Yes, sir.

The CHAIRMAN. Now, what do you mean by the oil companies and mining interests securing the publication of alleged atrocities? Have you any information upon the subject?

Mr. McDONALD. I have no information, sir, beyond the fact that a good many of these stories of things happening in Mexico have been upon investigation proven to be not exactly as terrible as the first stories sent out.

The CHAIRMAN. Investigations made by whom?

Mr. McDONALD. I mean to say, after two or three days there was an opportunity for the facts to be known, and after that opportunity had been given—

The CHAIRMAN. In what instance?

Mr. McDONALD. Well, I had in mind, for instance, the robberies of certain Americans, a matter of two months ago. Our initial impressions was that our honor had been besmirched, and all sorts of things had happened, and finally the sum and substance of it was that—that one of them lost a pair of shoes and another a watch, a gold watch, or a watch of some sort, and apparently the honor of the country was not involved.

The CHAIRMAN. Where did that report first receive publicity, from what source?

Mr. McDONALD. I do not know, sir.

The CHAIRMAN. You do not know that it came from the State Department itself, do you?

Mr. McDONALD. I do not remember.

The CHAIRMAN. And do you think that that was one of the slanderous articles printed by the oil interests?

Mr. McDONALD. I do not know; no, sir.

The CHAIRMAN. Don't you know that it was given out by Mr. Daniels, who said that he had had a telegram a few days since and his attention had been called to it, and he gave it out himself?

Mr. McDONALD. I do not know, sir.

The CHAIRMAN. That is the matter. You say that you have in mind one of the specific instances that, you say, justified this statement?

Mr. McDONALD. I was saying that was one of the specific instances in which our initial impressions——

The CHAIRMAN. I am asking you about this letter that you sent out, in which you state, as a fact, to the President, that the only people who had been actively engaged in a shameless effort, by the publication of alleged atrocities, and by the slander of the whole Mexican nation, to force an intervention, are a group of oil interests and mine owners who, by subsidies to bandits, are fomenting armed rebellion against the Government of Mexico, and I asked you to give one instance where they had done that, and to give one instance which had been brought to your attention, where the publication of any alleged atrocities which are shown to be untrue had been made by any American interests, and to that I am directing your attention. You cited an instance where the publication came from a department of this Government itself, and that you cite as a basis for this statement.

Mr. McDONALD. I did not cite that specifically as a basis for that charge. I do not know of concrete cases where oil interests——

The CHAIRMAN. Then what justified you in sending a letter of this kind stating to the President of the United States that, as a fact, stating that it was true?

Mr. McDONALD. Because I took Mr. de Bekker's judgment of the thing and my general impression of the situation.

The CHAIRMAN. Mr. de Bekker is your authority for these statements here, which you told the President of your country were the facts.

Mr. McDONALD. Yes, sir.

The CHAIRMAN. That is the only instance that you can now recall where a mistake has apparently been made in the publication of some atrocity, which later investigation has shown not to be correct or true or to be exaggerated or overdrawn?

Mr. McDONALD. The only one which I remember at this moment.

The CHAIRMAN. And you felt justified, Mr. McDonald, in the name of your league, of 1,250 or 2,400 membership, in signing this statement upon the facts which you have given, signing it for the committee on Mexico and sending it to the President of the United States and then sending it out to the public?

Mr. McDONALD. I did it, sir.

The CHAIRMAN. I know that, but do you feel that you were justified in doing it?

Mr. McDONALD. Yes, sir.

The CHAIRMAN. Why? What justification have you?

Mr. McDONALD. Because my impression—it is not more than an impression—is as it is indicated there.

The CHAIRMAN. Do you think that the President would appreciate the fact if you had set forth in this letter that that was your impression?

Mr. McDONALD. I had no reason for knowing what the President would appreciate.

The CHAIRMAN. Suppose the President of the United States were to write to you upon a similar subject, and it should develop that he had no facts within his knowledge upon which he based a statement of this kind, would you not feel, if he later said that it was simply an impression upon his mind, that he should have stated that it was but an impression?

Mr. McDONALD. Evidently; yes, sir.

The CHAIRMAN. And don't you think that you should treat the President of the United States as he would treat you in a matter of this kind?

Mr. McDONALD. Yes, sir.

The CHAIRMAN. Of course, I suppose that you know nothing more about these predatory capitalists than you have shown that you know about these selfish mining interests?

Mr. McDONALD. No, sir.

The CHAIRMAN. That is all, Mr. McDonald. Mr. McDonald, may I ask where you were born?

Mr. McDONALD. I was born in Coldwater, Ohio. Is that all, sir.

The CHAIRMAN. That is all. I had forgotten to ask you that in the first place. Are there any other members of your committee, Mr. McDonald, present?

Mr. McDONALD. I think not, Mr. Chairman. Mr. Trowbridge, whom we mentioned to you, is, I understand, now in Mexico on this business, and Mr. Slaughter is, as I understand now, in Texas on business, and he was expecting to testify before your committee when the committee would hold its sessions there.

#### STATEMENT OF EDWARD L. DOHENY.

(The witness was duly sworn by the chairman.)

The CHAIRMAN. Please state your name, residence, and occupation?

Mr. DOHENY. Edward Lawrence Doheny; residence, Los Angeles, Calif.; occupation, at present, oil producer.

The CHAIRMAN. I will ask you a preliminary question or two, Mr. Doheny.

Where are you engaged in the production of oil?

Mr. DOHENY. In California and in Mexico.

The CHAIRMAN. How long have you been engaged in the production of oil in Mexico? I will say, rather, I will qualify that: How long have you been engaged in Mexico in prospecting or producing oil?

Mr. DOHENY. A little over 20 years; in fact, 20 years last May I made my first oil prospecting trip into Mexico. We brought our first well in 19 years ago last May.

The CHAIRMAN. Mr. Doheny, you have been present during the hearings before this committee and you know the general course of the investigation and have heard the testimony. I think it might be well for you just to make a statement of your efforts in Mexico, what you have done, how you commenced, under what laws you were operating, whether you have any concessions or special grants, or what is the source of your titles to your properties, and leading up to what you are doing now. I think if you will do that in your own narrative way we will get along better.

Mr. DOHENY. Commencing with my experience in prospecting for oil or earlier?

The CHAIRMAN. Earlier, if you choose to. You were always prospecting for something, and have been, have you not?

Mr. DOHENY. Well, since 1875.

The CHAIRMAN. When did you go to Mexico?

Mr. DOHENY. I first went to Mexico, into Mexico prospecting, in 1887. I first became acquainted with Mexico and New Mexico in 1873.

The CHAIRMAN. And you speak the Spanish language, do you?

Mr. DOHENY. I have been trying to speak it for something like 46 years, without very much success.

The CHAIRMAN. Suppose I just help you out a little by asking you a question or two. What were you doing in New Mexico?

Mr. DOHENY. I went down to New Mexico from Fort Leavenworth, Kans., with a bunch of shave-tail mules for Lieut. Wheeler, of the United States Geological Survey, to use for pack animals in the survey of the boundary line between Arizona and New Mexico. We arrived at Fort Marcy on the 9th of May, 1873, and Fort Marcy is situated near Silver City. Soon after that I took up the business of prospecting for gold and silver and followed it with varying success until 1892.

The CHAIRMAN. Now, in prospecting, Mr. Doheny, were you prospecting for some one else, in behalf of some one else; in other words, were you representing capitalists or were you doing it personally?

Mr. DOHENY. Well, Mr. Chairman, I have always been prospecting for myself. I was never fortunate enough to get a position to wean me away from the desire to prospect.

The CHAIRMAN. You had plenty of money at that time to live on, did you, Mr. Doheny?

Mr. DOHENY. I did—well, I often lived a whole year through on less than \$50. The cost of living did not interfere with a good shot, where game was plentiful, and where salt did not cost very much. I did not always have sugar in my coffee, but I had an appetite which helped to make everything we eat very satisfactory.

The CHAIRMAN. And you continued prospecting for minerals, you say?

Mr. DOHENY. Until 1892. In 1892 I turned my attention to prospecting for oil.

The CHAIRMAN. That was after you left Silver City, N. Mex.?

Mr. DOHENY. That was in Los Angeles, after I left Silver City, N. Mex.; it was in Los Angeles.

The CHAIRMAN. You were in Kingston, N. Mex.—

Mr. DOHENY (interrupting). I discovered Kingston district; was one of the discoverers, with Harry Elliott and Bob Forbes, Tim Corcoran, Sam Miller, Jim Delaney, and Tom Brady. We were the first party that discovered mineral on the head of the Percha Creek in New Mexico.

The CHAIRMAN. That was the North Percha?

Mr. DOHENY. That was the Middle Percha. We made our discoveries on the Saw Pit Gulch branch of the Middle Percha.

The CHAIRMAN. Before you became interested in oils in California?

Mr. DOHENY. Yes, sir; I discovered the Los Angeles oil field in the fall of 1892, and continued in the oil business with the discovery of three different fields in California before I finally went to Mexico in the year 1900. During my prospecting I will say that I became acquainted with a man with whom I was associated until his death, Mr. C. A. Canfield. Together with him and Mr. A. P. McGinnis I made a prospecting trip to Mexico in May, 1900, and saw some good indications of oil in a certain region lying west of Tampico, in the State of San Luis Potosi, and returning to the States we decided upon the acquisition of lands in that section and an endeavor to develop petroleum in Mexico. We were largely induced to do this by the representations of the president of the Mexican Central Railroad, Mr. A. A. Robinson, lately deceased that if we would make a development of petroleum in Mexico they would purchase the oil from us for fuel on the Mexican Central Railroad.

Mr. Robinson became acquainted with the desirability of oil as a fuel through my efforts in introducing fuel oil on the Atchison, Topeka & Santa Fe Railroad in California, of which company he had formerly been a vice president and chief engineer. He, in fact, suggested to me to make a trip to Mexico, saying that Mexico was without any substantial fuel supply, the coal being of indifferent quality, and that his railroad company was obliged to get its coal from Alabama in the United States. He sent to me transportation for a car and party and I had it for several years, each year for several years, before I finally found the time when I took with me the two companions above named. We had letters from Mr. Robinson introducing us to his agricultural agent and the officers of his road, who kindly moved our car to various parts, so that we might examine for oil indications. As a consequence, we found very satisfactory indications about 35 miles west of Tampico in the State of San Luis Potosi, near the boundary of the State of Vera Cruz. In May of 1900, we were importuned at that time by certain Americans in Tampico, of which they were few, who evidently saw a chance to exploit us by endeavoring to act as our representatives in the procuring of oil lands, and to avoid them we returned to the States and came back again in August to interview the owners of these oil lands.

The first property which we purchased was a tract of land known as the Hacienda del Tulillo, meaning the hacienda of the tule. This property contained about 280,000 acres and was owned by a man by the name of Mariano de Arguinzoniz, a Mexican who lived in the ciudad del Maiz. This gentleman had the property on the market for sale and asked \$250,000 for it, or about something like \$1 per acre, American money, and he found out what we desired it for and what I could do, and he finally told us that he had taken something of the Chapopote, which is an Indian word and which means tar, and had sent it to England to have it analyzed. He gave us a copy of the analysis which he received. He encouraged us to believe that it contained a large amount of illuminating oil, not, how-

ever, at our request, as we knew more about such oil indications than he did. He succeeded in getting us to pay him \$325,000 for the property, \$75,000 more than his original price.

The CHAIRMAN. Just one moment. You had the title to that property, of course?

Mr. DOHENY. Yes, sir. I will go back and say that before I went to Mexico on this trip, I interested some other gentlemen in addition to the two who accompanied me. Among them were R. C. Kerens, of St. Louis, late ambassador to Vienna; E. D. Kenna, at that time first vice president of the Atchison, Topeka & St. Louis R. R., Chicago; Mr. W. G. Nevin, general manager of the Atchison, Topeka & St. Louis R. R. Co., in Los Angeles, long since deceased; and J. A. Chanslor, of California, the latter an associate of Mr. Canfield. Mr. Kenna, who had visited Mexico, was also well acquainted with Mr. Robinson, the president of the Mexican Central, and he suggested that he (Kenna) give me a letter of introduction to some attorneys whom he knew, and who he thought might be useful to us in case we decided to buy any land in Mexico.

The CHAIRMAN. Mr. Kenna was a lawyer also, was he not?

Mr. DOHENY. Mr. Kenna was a lawyer also, and he was the head of the law department of the Santa Fe. He gave me a letter of introduction to Senor Pablo Martinez del Rio, who, he said, spoke English well, and was the attorney for the Mexican Central Railroad. Mr. Del Rio has long since deceased. He gave me a letter of introduction to Joaquin de Cassasus, also since deceased, who he said was the leading attorney of Mexico. Mr. Cassasus was afterwards the ambassador to the United States from Mexico.

When we arrived at Mexico on our August trip we had already wired to Mr. Arguinzoniz, who owned the property which we desired to buy, and met him at Las Tables, in San Luis Potosi, and closed the bargain verbally, or orally, and we asked him to travel with us to the city of Aguas Calientes to meet one of these attorneys who would act for us in drawing up the minuta or bill of sale. We told Mr. del Rio—he was our choice as attorney, we had wired him telling him who we were and what the nature of our visit would be, and we asked him if he would come to meet us at Aguas Calientes and close the transaction. We received a message in the affirmative, and we made the contract there at Aguas Calientes, and closed the preliminary contract or minuta by the payment of \$25,000. Our check on a California bank was given, which Mr. del Rio unhesitatingly indorsed on the strength of the letters which we showed him.

Sr. Arguinzoniz, the owner of the land, agreed to furnish him with all the evidences of title, and the final papers were to be drawn up for us to receive title to the land at a later date, which was accomplished in November of the same year.

I might say here, now, with reference to these particular titles, or to this particular tract of land, rather, that among the title documents which we received from Sr. Arguinzoniz, was a book about 14 inches long by 12 inches wide by about 6 inches thick, which contained very many documents in writing concerning the title to this property. They were of various dates, in the handwriting of



various scribes—the most wonderful chirography I have ever seen. The change from one scribe to another was evidenced in the character of the handwriting. They bore the signature and rubricas of the various grantors and grantees. It seemed that the property had been granted by the King of Spain to the Marquis of Guadalcázar in the year 1581, and bore evidence that the title had remained practically in the same family down to the time of the granting to ourselves, merely changing from one set of heirs to another.

Mr. del Rio assured us that if all the lands which we purchased had titles as perfect and clear as the Hacienda del Tulillo, we never need have any concern about our right of ownership.

The incidents connected with the acquisition of this land and our relations with the owners would cover more pages, perhaps, than you desire my testimony to take up, but it might be stated briefly that Mr. Arguinzoniz, when I last saw him alive three or four years ago, after 16 years of the relation of grantee and grantor, he was still my very warm friend and never had expressed any regret that he had parted with the property which afterwards proved to be more valuable than he supposed it was.

Attorney Del Rio took the precaution to tell us that under the Mexican code unknown or unsuspected values might represent, if not referred to in the purchase documents, a possible claim on the part of the former owner to an interest in the property, so he secured a release from Mr. Arguinzoniz of all of his rights to what was then called in Mexico the *derechos del subsuelo*. That means the rights of the subsoil. In all of our dealings, so far as I know, the right of the subsoil was purchased in addition to the right of the superficie or the surface.

Having acquired this piece of ground we immediately proceeded to develop it, with results that are shown from year to year in the annual reports that I have sent out to stockholders, copies of all of which that I have in my possession, together with the first prospectus that we ever issued. I will be glad to furnish to your committee if you desire me to.

The CHAIRMAN. We shall be very glad to have you file them, sir, if you can.

Mr. DOHENY. They contain a statement to our stockholders of the result of our expenditures and efforts from year to year in a way that my memory could not possibly enable me to state at the present moment.

The CHAIRMAN. What dealings, if any, in connection with this first development did you have with the Mexican Government or officials?

Mr. DOHENY. I may say that we acquired, of land adjoining the land above named, about 150,000 acres more in the extinguished hacienda of Chapacao, making, all told, about 448,000 acres of land in one tract.

Our titles were similar to those to the Tulillo, but the lands were divided up among families in very much smaller tracts.

We were so certain of the absolute honesty and integrity of Senor Del Rio that without any further introduction than just our meeting acquaintance and the letter of Mr. Kenna, we met him at our bank

in Mexico and placed in his hands \$600,000 to be used to make payments on the various properties when and as they became due under the contracts of purchase.

As proof of his appreciation of our confidence in him Mr. Del Rio proceeded to inform us that he thought that it was a very unwise thing for us to expend so much money in Mexico without first being certain that we were going to make a valuable discovery. He really felt sorry to see us so anxious and sanguine about the development of something which would mean a great deal to the people of Mexico. He wished to have us meet the president of Mexico and explain our plans to him. Mr. Del Rio was not exactly persona grata with President Diaz, as his father, the elder Del Rio had been the minister in France of the late Emperor Maximilian, and as Diaz had been a war opponent of Maximilian and largely responsible for his overthrow, he naturally did not feel very friendly toward the Del Rio family.

The introduction to Gen. Diaz was brought about, however, through the efforts of our own minister in Mexico at that time, Gen. Clayton, and when we explained to Gen. Diaz our hopes and expectations with regard to the development of petroleum, he was very much pleased, and said that he would be glad to facilitate our efforts in every way; that the development of petroleum that could be used for fuel would save the public domain from being denuded of the immense quantities of timber that were being continually cut off for use on railways and for other purposes, and that it would augment the supply of native fuel and save the money which was being sent out of the country for foreign coal.

I suppose that the general was in the habit of making these assuring remarks to everybody, but I am quite certain that he did not think our little enterprise was going to be successful.

Mr. Canfield and myself were really, I think, the only two members of our own party who were very sanguine of the results.

The CHAIRMAN. Pardon me right there, Mr. Doheny. Were there any oil wells at that time in that vicinity or neighborhood?

Mr. DOHENY. I am just coming to that, Mr. Chairman.

Mr. Del Rio, our attorney, suggested to us that inasmuch as our undertaking was a very hazardous one, we might as well take advantage of all the opportunities offered by the Mexican Government to those who would undertake to establish a new industry, and he told us about the statute which required the Department of Fomento, upon presentation of the proper kind of evidence that an industry was to be inaugurated not in active operation anywhere in the Republic, the said department was obliged to give a so-called concession for the right to import free of duty, the foreign materials for starting the enterprise, and also freedom from Federal taxation, except the stamp tax, on those materials for a period of years.

We were obliged, in order to get this immunity, to furnish a certificate from the governor of each State of the Republic of Mexico to the effect that the oil-producing business was not being carried on in his State. This was very easy to obtain from the governors of all of the States except Vera Cruz. Gov. Dehesa, of the State of Vera Cruz, hesitated very much in giving it, because an effort had

been made to produce petroleum in Vera Cruz and he was not, himself, certain that it had been abandoned. But when we furnished proof that it had been abandoned for several years, the certificate was obtained and our attorney obtained in his own name a concession from the Department of Fomento, at that time presided over by Señor Escontria, whose name has been mentioned here, giving him the right to import, free of duty, for a period of 10 years material and supplies with which to develop petroleum on lands which were described and which were the lands that I have already told you that I purchased, and with which description we had to file a map marking the places upon said lands where we expected to do the developing.

We also had to agree to expend a certain amount of money within a certain number of years. I think the amount was \$500,000 in Mexican gold within five years. At any rate, when the concession was presented by Mr. Del Rio, to us, with the offer to assign to us or the company which we might organize, Mr. Canfield hesitated about our taking it because he could not see where the word "concession," as we understood it, applied to the sort of a contract we were making.

We were obliging ourselves to spend \$500,000 on that property within a certain length of time, but after that we were merely to be relieved from the duties which were not very considerable and the taxes, which were also inconsiderable, unless we made a big development, for a period of years.

We finally accepted that concession, and that is the only concession of that sort ever granted in Mexico to anybody, and has lapsed nearly 10 years ago.

The CHAIRMAN. That was simply to induce you to invest capital in an entirely new enterprise in the Republic of Mexico?

Mr. DOHENY. Yes, sir. Our first effort to find oil was begun in the spring of the following year, in February, in other words, by the establishment of a camp on the Tampico branch of the Mexican Central Railway at a point which was known as Kilometer 613, as a telegraph pole at that point indicated, showing the distance south of Aguascalientes.

Mr. H. R. Nickerson, since deceased, vice president of the Mexican Central Railroad, kindly cut the main line for us and put in a siding 300 or 400 feet long, so that our private car and freight cars could be shunted onto this line siding and we could have delivered to us on the ground the materials needed for establishing the camp.

I mention this fact, though it may seem trivial, because of the associated facts, which are that the Mexican Central Railway for the greater part of the distance between Tampico and the town of Cardenas, about 150 miles distant, ran through a country which, although one of the earliest visited by Europeans and having evidences of civilization existent long before the European visitation, was still what would be known in western parlance as a "wild country." The railroad was cut through a jungle so dense that, except where breaches were cut, only a bird or other small animal could penetrate it. The climate and rainfall were such that in cutting the ties it was soon supplanted by a new growth so that the stumps of the

cut trees were hidden within a year or two. The forest on either side of the railroad had furnished ties for more than 20 years, and still the roads through which those ties were hauled to the railroad were so covered that they could scarcely be discovered.

The right of way for a distance of 20 meters on each side of the road was kept clear; except for that, the land which we purchased, so far as could be ascertained for the railroad, was a dense, impenetrable jungle covered with fog in the night and in the morning. Being below the Tropic of Cancer, we had extraordinarily hot weather at the time we first visited it, although the winters were very delightful, and at the time we undertook to establish our camp the weather was especially fine.

I am afraid I am going to get this too long, Senator.

The CHAIRMAN. It is very interesting, indeed.

Mr. DOHENY. Our first effort to develop, because of the distance from supplies, necessitated the building of a home for the superintendent and employees to live in; the building of an ice and cold-storage plant; a water-distillation plant so they could have fresh, cool water; and an electric plant so that they could have fans to make living bearable during the night. We put in the materials for a saw-mill, machine shop, boiler and blacksmith shop, and brought our supplies for all these materials from Pittsburgh, Pa., by Ward Line steamer from New York to Tampico; and then by rail, stopping at kilometer 613 in the jungle, which is now known as the town of Ebano.

The camp was started there on the 12th of February. The first rig was up and ready for drilling on the 1st of May. The first well was brought in on the 14th day of May, 1901.

Before buying the land, however, the summer previous I went with Mr. Maginnis to Boston to see Mr. Robinson to get him to make good his promise to contract to purchase oil from us if and when we developed it, and to make good his promise, also to facilitate us in moving men and supplies there by giving us freight and passenger accommodations. We made a satisfactory contract to supply his railroad with oil from Aguascalientes to Tampico, a distance of about 500 miles.

The CHAIRMAN. Was that the first oil ever used in Mexico?

Mr. DOHENY. The first oil ever produced or used in Mexico in substantial quantities.

The CHAIRMAN. The first used on locomotives?

Mr. DOHENY. It was not used at that time on locomotives. The terms of the contract required that we should notify the railroad companies that we had a supply of oil available, and they should then turn over to us a locomotive that should be equipped at our own expense and operated with all the costs for equipment and for reconversion to the coal in case we failed to consume the oil satisfactorily.

On the 15th day of May I notified Mr. Robinson that our company was prepared to supply oil for one locomotive, from a well that we had just brought in the day before that seemed to be good for 50 barrels a day. I notified him by telegraph, using the language of the contract in the notice.

Much to my surprise and great disappointment, about two weeks later I received a letter by mail from Mr. Robinson stating that he

had been instructed by the new chairman of his board of directors to notify us that the contract had been abrogated.

To make a long story short, we did not sell any oil to that railroad company for nearly five years. We did not have any market for our oil before we commenced, as we had thought we had provided by a perfectly good contract, but we simply had a good case for a lawsuit. We did not bring the suit, but we organized a paving company in the City of Mexico and put up a little refinery at Ebano, in order to prosecute our development.

As a result of the organization of that paving company, we finally paved about 50 per cent of that part of the City of Mexico that is now paved, and did all of the paving done in the cities of Guadalajara, Morelia, Tampico, Durango, Puebla, and Chihuahua. Thus failure to have a railway contract with the Mexican Central Railroad gave Mexico the best pavement on terms cheaper than probably any country in the world, and the cities named soon became among the best paved cities in the world, having an asphaltum pavement, what is called an A-1 asphalt pavement, consisting of a 6-inch concrete base, an inch of binder, with  $2\frac{1}{2}$  inches of asphaltic wearing surface.

That company did business until the revolution on the basis of half payment of the contract price when work was completed and the remaining 50 per cent to be paid in equal payments over a period of 10 years.

When the payment became due the engineer of the City of Mexico was to examine the work in question and furnish a certificate that it was in good condition. In other words, the pavement must be just as good at the end of 10 years as it was when it was first accepted by the city engineer. This was under the Diaz administration.

The contracts in every way were patterned after a form suggested by ourselves and approved by them. There was no big profit in that business, but it gave us a reason for being in Mexico and something to show our stockholders as to what we were accomplishing there, until such time as our production would be great enough to enable us to go to the expense of taking it to a distant market.

The Mexican Central Railway Co., whose line ran for 35 miles through our property, had not yet made up its mind that it was a wise thing for it to buy its fuel from us. The wells which were developed during the first four years varied anywhere from 10 barrels a day to 50 barrels a day. They were shallow wells, and while we had felt that greater production was to be obtained at greater depth, the entire lack of a market kept us from drilling to the greater depths, which afterwards proved to be most productive.

In 1904 we determined to put one well down, and it was the No. 1 well, to what we believed to be a lower producing formation.

The doubts in the minds of the drillers and even of the superintendent, and, I may confess, of the president himself, made this work necessarily very interesting, and it was watched closely. At a depth of 1,450 feet we developed a flowing well, which produced the first day about a thousand barrels of oil. The second day it increased, and it eventually was producing, when I arrived there from Los Angeles, about 1,700 barrels a day, of about 10 gravity, the heaviest oil I had ever seen produced from an oil well in such quantities.

That well, by the way, is still capable of producing about 800 barrels a day after 15 years of continuous flowing.

When we again called the attention of the railroad company to the supply of fuel which was available for their use, they claimed the oil could not be used, it being, as they said, too heavy. At our own expense we equipped an engine for them and proved that the oil could be used, and I later on made a contract with Henry Clay Pierce, the chairman of the executive committee of the road, to furnish his company with oil for a period of 15 years. That contract will expire next year; and as long as Mr. Pierce had control of the road the contract was lived up to by him and by us, and since he lost control of the road to the national railways of Mexico it was lived up to by the national railways.

After the national railways lost possession of the road to the constitutionalist government, we furnished oil to them at a very much reduced price, and are doing so at the present time at that price.

The original price for which this oil was sold was 55 cents a barrel, graduated down to 45 cents a barrel, averaging 49½ cents a barrel delivered on board cars. Three barrels and a half of the oil were equal to a ton of coal. The vice president of the railroad, Mr. Hudson, who is now president of a railroad in Cuba, told me at the end of a year that their saving had been greater than their total cost of oil; in other words, the oil had cut their fuel bill down to less than one-half of what it had originally cost.

During this period the Government of Mexico took little notice of the oil business. There seemed to be a hostility toward us on the part of the minister, Mr. Limantour. That hostility, however, did not appear to be shared by any of the heads of the other departments, with whom I may say we became very well acquainted during the first years of developing in Mexico.

The International Geological Congress met in Mexico in the year 1905, I think—I will not be certain about the date—and the president of the Geological Institute in Mexico City at that time was Prof. Aguilera. Prof. Aguilera had made up his mind that there was no oil to be discovered in Mexico, and was very much aggrieved to think that his predictions had been disproved by the work of a couple of American prospectors; so that during the years when we were selling as much as 1,000 barrels a day the public records in Mexico City did not show any production whatever of oil. Those records to that extent are incorrect to-day.

I might say here that shortly after we began, at the suggestion of President Diaz, the minister of Hacienda sent two experts to our property to investigate the oil possibilities and make a report, so that the Government would have some knowledge of the progress of our work and its possibilities. The two men sent were both well-known young geologists, one being Ezequiel Ordoñez, the other being Mr. Virreyes. Those two men made very different reports. Mr. Ordoñez made a report to the Government almost in line with our own report to our prospective stockholders made the year previously. Mr. Virreyes in his report confirmed the opinion of Mr. Aguilera that oil could not be discovered in any quantities in Mexico. Because of his difference with the president of the Geological Institute, Ordoñez was discredited and had to leave the institution.

The moment our first big well was brought in, Mr. Aguilera and others, who seemed to be imbued with socialistic instincts, endeavored to bring about nationalization of petroleum, and in that year President Diaz was prevailed upon to appoint a committee made up of attorneys, members of the supreme court, and one or two scientists to investigate the question as to whether or not petroleum could be nationalized or included among the minerals that the Government could reserve even under the surface of privately owned lands.

Our attorney, Mr. Del Rio, notified Mr. Canfield and me by wire about this, and we went down to the City of Mexico and were there during the period of the investigation, which we followed, of course, with great interest, because our right to operate these lands under the statutes depended largely upon the report made by this committee.

As the records show, when the matter had finally been argued, after several weeks of discussion and study, all of the members of the academy of jurisprudence except one voted in favor of the resolution which was made to the President that the Government had no claim whatever to the oil beneath the surface of private lands.

This report, of course, relieved us of a doubt, but only a doubt, which we had that they were not justified in obstructing our efforts to develop petroleum, and we continued with renewed energy. The condition of affairs in the United States, however, especially after the steel depression of 1903, together with the failure of the railroad company to live up to its contract with us, discouraged so many of our stockholders that they sold out. As will be observed from the prospectus which I expect to place on file, our stockholders at that time included 54 names of men who were widely known throughout the Nation as serious and successful business men.

The uses of petroleum in the United States had not at that time developed to such a great extent as they have since. The gasoline engine was not known as a very successful piece of machinery; gasoline, though not exactly as it had theretofore been, a waste product, did not command the price that it does at the present time. Fuel oil was being used on a few railroads in California and in Texas. The development of the Beaumont, Sour Lake, Saratoga, Batson Prairie, and Humble fields in Texas furnished an oversupply for that region, and the jungles of Mexico did not seem attractive to our own stockholders, much less to other oil developers, to start new companies in Mexico, so that we were practically the only company for a period of five years. I think I will increase that and say for a period of six years, except for a desultory effort made by Sir Weetman Pearson to develop a field many hundreds of miles to the south. Nevertheless, Mr. Canfield and I had such faith in the productiveness of this territory—and the fact since then has been developed that we had not found the richest spots—that we prospected north and south of Tampico, on horseback, on foot, or with railroad train, and even bought a yacht in the city of New York and took it down to Tampico on the Matanzas, a Ward Line steamer, and penetrated the numerous rivers as far as the draft of the yacht would permit.

We saw enormous oil exudes, which to us were absolutely certain indications of the existence of profitable pools of oil to be developed. We found those exudes in every instance a source of danger, not

only to animals, but to human beings. They were a death trap, in which birds, reptiles, and animals had been captured from time immemorial, like the Brea beds west of Los Angeles; their victims reach back into the dim ages of the past.

Here I may say, for purposes of illumination, that west of Los Angeles, on a property of which I was a party to the development, bones were found near the surface and are still to be seen, some of them within 2 feet of the surface, which had been exhumed and assembled in the museum of Los Angeles, which showed that the tar exudes had been coming to the surface there for a period of not less than one-quarter of a million years—the complete bones of the giant sloth, the imperial elephant, the saber-tooth tiger, the camel, and many other animals, such as the original California horse, the giant bear, the giant wolf. Numbers of these animals' bones have been gathered, to the extent of not less than five or six hundred of each class, except, perhaps, the hairy elephant and the camel, of which there were less than 50 of each found.

These exudes are typical exudes in an asphalt-bearing country where geological disturbances have permitted or compelled the oil to find vent on the surface. This is true in Mexico as it was in California; and the Mexicans, like the early Californians, found these exudes, which they did not understand, a great source of danger to their stock and to their children.

They surrounded them with fences made of thorny brush or of barbed wire, if it were convenient, so as to prevent them from destroying their live stock and persons. This condition exists all through the Huasteca region of Mexico, as it does in many places in California.

The exudes have always been known to the inhabitants, even to the primitive inhabitants of ancient times, as shown by the buildings, the roofs of which have been tarred to keep out the tropical rains.

Into this country we went, talking to the inhabitants, through an interpreter, telling them of our desire to buy these places that they themselves avoided and neglected; and where we could not buy the surface we would offer sometimes to buy the subsoil rights, and in no instance did we hide from the owners the fact that we wanted to buy the subsoil rights, even though we had to buy the surface to acquire such rights. In no instance was there any deception practiced upon these people. In every instance the deeds were recorded in the public registry whenever the amount involved in the transaction was of sufficient volume to justify registration. I believe there is a sum below which they will not register a document.

Every trip we made to Mexico—and I made 65 trips during a period of 15 years, my wife accompanying me on 28 of these trips—I sought out the officials of the Government with whom we had to deal in the City of Mexico and kept them informed constantly of our progress. I was engaged very busily in denying rumors published in Mexican periodicals to the effect that we were an agent of the Standard Oil Co. or a subsidiary of that organization.

At that time the Diaz Government was very much opposed to monopolies, and Gen. Diaz asked me point blank if we were in any



way connected with the Standard Oil Co. When I told him no, he asked me to promise that I would never sell out to them without first letting him know, so that the Mexican Government could have the opportunity of buying the property before allowing it to pass into the hands of a very strong foreign organization.

I have kept my promise to him and to his successors up to the present time.

The character of the country I have described in many of my reports, but I will say briefly here it was on which was enormously attractive to Mr. Canfield and myself, after we lost fear of the malaria and yellow fever which seemed so prevalent when we first went there.

Tampico at that time was a miserable little seaport, where disease of many sorts, filth and poverty, and pestilence seemed to prevail. Men that we met one day we would see carried off to a cemetery the next, having died of yellow fever. We buried 45 men from one of our own camps who died of "vomito." The dangers of the country there seemed to be more to the health of the person than in any other way.

A familiarity with the climate and the fact that we could live there without being victims of the climate and diseases that were prevalent, finally gave us a feeling of security and we ignored the climate entirely and have since found that there is no objection to the climate of the jungle country; that by proper hygienic conditions being established and careful living, life is just as comfortable there and just as secure as it is in more salubrious climates.

The people of the country, I may say, were almost as strange to us as was the climate when we first went there; and I want to say that there really ought to be a chapter recorded here on the nature of our experience with the people of that country.

Our then superintendent was a man named A. P. Maginnis, who had been a contractor and later on was the tax commissioner of the Atchison, Topeka & Santa Fe Railway Co. in California. He was a very genial, pleasant man who knew nothing at all about the technology or development of oil, but had a great heart and was a man of great fortitude. When we dropped him in the jungle at Kilometer 613, and our train pulled out for the United States and we sat on the observation end of the private car looking at him and his family whom we had left there, I think I felt almost as sorry for him as if we were marooning him in the middle of the Gulf of Mexico without any way of getting to the shore.

He showed, however, his great ability for withstanding the hardships of a pioneer life, even in that jungle country; and when we returned some weeks later he had a very comfortable house built, with cots covered with mosquito bars, so that we were protected from mosquitoes, and everything to make the place a very desirable and delightful place in which to live.

He commenced in February, and we returned again in May, just before the first well came in. We guessed about the time the first well ought to be finished, and as we have frequently done since, we hit it within two days' time.

On the trip which we made in May I had people from Pittsburgh, St. Louis, and some friends from Los Angeles, with my wife and

myself; we had a large party and a very fine trip. We craveled through the jungle. We met the people that Maginnis was employing, the Mexicans being largely machete men, called peons. They used the long-bladed knife in their work, whether it was cutting brush or digging up the soil to plant, or anything else; the machete seemed to be their principal tool to work with. They had to be broken in to use a pick and shovel for excavations and railroad cuts, etc., but they were tractable, and while very awkward at doing any kind of physical labor, they soon learned and became like other laborers, very satisfactory.

When we first took this territory we found that our vendor had employed 45 or 50 men as ranch hands, principally looking after cattle. The wages were 36 cents a day, Mexican currency. The Mexican dollar at that time was worth 38 to 40 cents in American money, so that their wages varied from 12 to 15 cents a day, American currency.

On the railroads a little higher wage was paid the section hands; they got 50 cents a day, Mexican currency. We started our employees off at 60 cents a day. Mr. Maginnis, being a railroad man, was opposed to breaking the custom of paying wages; but, without any intimation from Canfield and myself, he increased the wages 10 cents a day, and when Mr. Canfield and myself arrived on the scene, I suggested to him that he pay 75 cents a day, which he did; and then a little later on we increased it to a dollar a day.

This was not done, however, without a good deal of protest on the part of the railroad company and the other employers of labor in the country, principally the haciendas (the farmers), who found that our greater rate of wage was demoralizing the labor element.

By the way, the laborers of this section were not natives of the Tierra Caliente, or jungle country, but were brought from the higher altitudes, in the Tierra Templada, or Tierra Frio, most of them coming from a town called Cerritos, on the Tampico Branch of the Mexican Central. When we first started in there, our first work was to clear away the jungle and make room for the camps. As soon as it was possible to employ skilled American men to do carpentry work, drilling, etc., they were brought from the States.

The problem which we realized we had to solve was how to accommodate the Mexican laborers to contact with the more highly skilled, high-tempered, and highly paid American laborers, and how to keep harmony between them at all times, and not make ourselves disliked in the country of the people where we had come to establish this new industry.

The CHAIRMAN. Will you please suspend a moment? This is a very interesting chapter in the history, this labor proposition. Would it inconvenience you for us to take a recess now before going any further? You are opening this labor chapter, which is very interesting and instructive.

Mr. DOHENY. I am here at your command, Mr. Chairman.

The CHAIRMAN. The committee will be in recess, then, until to-morrow morning at 11 o'clock.

Mr. DOHENY. If I am making too long and rambling a story of this I wish you would suggest it, so I can cut it down in some way.

The CHAIRMAN. We have made up our minds in going into this to try to get for the American people a true picture of Mexico and the conditions there, and what Americans have done in Mexico, and I do not know anyone who is more capable of giving at least the latter part of it, at any rate, than yourself.

MR DOHENY. I thank you.

(Thereupon, at 5.50 p. m., the committee took a recess until to-morrow, Thursday, September 11, 1919, at 11 o'clock a. m.)



# INVESTIGATION OF MEXICAN AFFAIRS.

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THURSDAY, SEPTEMBER 11, 1919.

UNITED STATES SENATE,  
SUBCOMMITTEE OF THE COMMITTEE ON FOREIGN RELATIONS,  
*Washington, D. C.*

The subcommittee met at 11.15 a. m., pursuant to adjournment in room 422, Senate Office Building, Senator Albert B. Fall, presiding.

Present: Senators Fall (chairman) and Brandegee.

The CHAIRMAN. The committee will come to order.

Mr. Doheny, will you take the stand again?

## TESTIMONY OF MR. EDWARD L. DOHENY—Resumed.

The CHAIRMAN. If you are prepared to continue your very interesting relation, we will be glad to hear you.

Mr. DOHENY. If I remember rightly, Mr. Chairman, I was relating the result of our operations down there in Mexico upon the labor conditions in that part of Mexico.

I have brought with me to-day some copies of the annual reports which I made to our company, the Mexican Petroleum Co. (Ltd.), for the years 1912 down to 1918, inclusive, during which years I thought it advisable to comment upon the labor conditions as well as the other conditions, so as to keep our stockholders informed as to the effect of the varying conditions there and elsewhere upon the business in which they were interested.

With your permission, a little later on I will undertake to read specific portions of those reports so that you can catch the idea that was in our minds then and now as to what our duty was and is toward the Mexican people and the Mexican Government. I will also offer, for you to place in your records if you desire, a copy of each one of those reports.

In the meantime, and as a prelude to this placing in the record of these reports made from year to year, I think it would be throwing some light upon the situation here if you knew that from the very beginning of our industry there we were deeply interested in the question of our relations to the laboring classes of Mexico.

It is needless to say that I myself was quite familiar with the fact that a great many of the people of Mexico, who worked for wages, had for a great many centuries been employed under conditions which are entirely foreign to those of our own country; and without desiring to criticise the laws and customs of Mexico, I am compelled,

however, to admit that the system which obtained there was not altogether to the disadvantage of the laborer or peon; that there were many features of it which were to his advantage, and many others, again, which were abused so as to operate greatly to his disadvantage, but never, except in very rare instances, to the extent detailed by the letters of John Kenneth Turner, published in the *American Magazine*, and in which Mr. Turner picked out the very sorest spot in Mexico to describe as a sample of the conditions there. Mr. Turner's description of the conditions in Mexico, relating what he saw in the Valle Nacional, are much more exaggerated and, consequently, much more unfair, than many of the statements made in the famous book which was published before the Civil War and which had so much to do with inflaming the minds of the people of the North against the people of the South in our own country. I refer to the book of Mrs. Harriet Beecher Stowe, which has been dramatized and presented to all the people of the United States so many times under the name of "Uncle Tom's Cabin."

The people of the Southern States never had one-hundredth part as much cause to complain of the exaggerations stated in that book as have the fair-minded and well-meaning and humane hacendados of Mexico to complain of the publication to the world of the conditions in one of the sorest spots in that country as being typical of the entire conditions there.

In 1903 or 1902—I am not certain now which year—there was held in the City of Mexico a Pan American conference at which there were in attendance a great many men from the United States and from several Central and South American States.

I happened to be in the City of Mexico at that time with friends from Pittsburgh, St. Louis, and Los Angeles, and, not wishing to intrude upon the President of Mexico at a time when there were so many other strangers there demanding his attention, I merely sent word of my presence and desire to pay my respects, through the medium of a messenger, so that I could make a record which I have kept up ever since of always having called upon the chief executive of the nation whenever I visited the capital.

Gen. Diaz, however, sent for me and the party who were with me, and when I apologized for trespassing on his time when he was so busy he said he was very pleased indeed to talk to men who came to talk about practical affairs; that he was not as much in sympathy as people might think with the discussion of affairs in a general way which led to no practical solution. He endeavored to get us to develop iron in his own State of Oaxaca, told us about the prospects he had seen in the mountains in his boyhood; told us that he desired our company to have success, for three reasons: First, because he thought that any foreigners who left their own country and went into a distant land to make investments were entitled to reward for their energy and daring; next, he was quite sure that the development of petroleum, such as we were hoping to find, would result in the saving of the forests on the mountains and cheapening the fuel to the industries, thus enabling the industries of Mexico to profit and expand because of the new supply of fuel. But, more than all else, he hoped we would be successful, he said, because he knew that in undertaking to develop a new industry of this sort we would necessarily be obliged to bring into the country skilled workmen from America, and that his

acquaintance with the working conditions in the United States was such that it was his ambition to have as many of those methods translated to Mexico as possible.

He told us of his early hopes with regard to the bettering of conditions of his own people, and in the midst of his conversation about the futility of his endeavor to alleviate the working conditions of his own people he stopped, choked up with emotion, and the tears rolled down his cheeks. He begged our forbearance, and later proceeded to apologize for his emotion by saying that he never contemplated the failure of his design in bringing good conditions to the working people of Mexico without being overcome as we had seen him.

The men who were with me were hard-headed men, coal producers of Pittsburgh, iron men from Pittsburgh and St. Louis, a farmer from Nebraska, and prospectors from California. Every one of us believed, and every one of them who were with me and who are still alive, believes that Gen. Diaz's heart was as close to that of the laboring man of Mexico as any other Mexican who has ever lived there before or since.

He told us that the way to treat the Mexican peon was to treat him as a friend, not as a mercenary; that he should be made to believe that the place where he worked was his home. If a small piece of land and a house to live in could be assigned to him as his own he would be contented, but as a mercenary he did not make a good laborer.

He told us that we must be patient with the ignorance and the lack of initiative in the Mexican workman. He called our attention to the fact that they could not learn by instruction, that they must be taught by precept, by example; that they were very imitative, that anything they saw others do they could learn to do, and do well; that they would be faithful to those whom they worked for if they were treated well. He told us that his greatest desire for our prosperity in Mexico was the example which our workmen would present to the Mexican workmen of how to work, how to live, and how to progress.

We left that meeting feeling that as long as we treated the Mexican laborers well in Mexico we would have the friendship of the chief executive. This afterwards proved to be true.

At that time, as I related yesterday, our superintendent was a railroad man who was little experienced in the oil business. We had developed oil and found that our market had disappeared at the command of the chairman of the executive committee of the company with whom we had the contract. Being a prospector, and having led many a forlorn hope, I was not as discouraged as it was thought I would be, and did not desist from the endeavor to develop oil in Mexico because of the failure of a market with the natural customer with whom we had an agreement—a railroad company crossing our own property. Many of our stockholders became discouraged, however, and sold out. From being a one-eighth owner of the property in the beginning, I soon became the owner of over 40 per cent by purchasing the holdings of all those who wished to sell, and always at cost or a profit to such investors.

My associate, Mr. Canfield, was at that time not easy in a financial way, so that he could not partake to the same extent that I did in this accumulation of the stock of deceased stockholders.

Senator BRANDEGEE. What was your capital at that time?

Mr. DOHENY. The capitalization of the company was \$6,000,000, and we had expended about \$2,800,000 before we made any substantial development or developed any market, except the market which I referred to in my testimony yesterday, which came to us through the building of an asphaltum refinery and the taking of contracts to pave streets in the city of Mexico.

Senator BRANDEGEE. You had no bonds?

Mr. DOHENY. At that time we had no bonds outstanding. All of our expenses were paid for in the first instance by loans which I made to the company and which at one time amounted to the sum of \$652,000. These loans were repaid to me later on by assessments levied upon the stock. All of our stockholders were well-to-do or rich men; consequently, we thought it was only fair and just to ask them to contribute to the expansion of the company by practical contribution in the form of assessments. It may be that that tax upon them was the cause of many of them losing their faith in the company and being desirous of selling out.

Senator BRANDEGEE. Was your corporation organized under the laws of Mexico?

Mr. DOHENY. Our corporation was organized under the laws of the State of California.

By the way, I might interject here, if it is to the interest of the committee, that later on in my testimony, in the proper place, I would be glad to explain the system of inside financing which enabled us to develop this wonderful territory in Mexico without going to the people with either a stock issue or a bond issue that would be sold to the public.

Senator BRANDEGEE. Was your company always of the same name as it has now?

Mr. DOHENY. The Mexican Petroleum Co.; yes, sir.

Senator BRANDEGEE. What is the capital of it now?

Mr. DOHENY. The capital of the company remains the same, but we organized a new company with the same name, except that we added the word "Limited," under the laws of the State of Delaware—The Mexican Petroleum Co. (Ltd.) of Delaware. That company acquired about 99 per cent of the stock of the original company—the Mexican Petroleum Co. of California—and also all of the stock of three other companies which were organized to take over lands which we had purchased subsequently and which the stockholders of the original company did not desire to participate in.

The capitalization of the Mexican Petroleum Co. (Ltd.) of Delaware, which holds all of the stock practically of the Mexican subsidiary companies, as well as of our Mexican Petroleum Corporation, which has large distributing stations and refineries in the United States and South America, is \$60,000,000.

Senator BRANDEGEE. Is that the company whose securities are listed on the exchanges?

Mr. DOHENY. That is one of the companies whose securities are listed on the exchanges.

Senator BRANDEGEE. That is the holding company?



Mr. DOHENY. Yes, sir.

Senator BRANDEGEE. The reason I ask these questions at this point is that you were saying how you acquired the stock of the others who wanted to sell out.

Mr. DOHENY. That was the stock of the first original company.

Senator BRANDEGEE. I will not pursue this inquiry now because, I assume, that later on you will probably file some statement giving a financial explanation of the affairs of the company.

Mr. DOHENY. Yes, sir; I will be glad to do so.

I might as well say, while we are dealing with that phase of the subject, that we have still another company called the Pan American Petroleum Transportation Co., which has furnished all of the ships for carrying the oil away from Mexico to distant markets, the capital of which is also quite large and whose investment indirectly in the Mexican business has been as essential to the development of the Mexican business as the investments of the Mexican Petroleum Co., which were made within the Territory of Mexico.

Senator BRANDEGEE. I think, perhaps, inasmuch as you have this all in mind in your own way, I had better let you proceed in your own way and make your general statement first and then later on, if anything occurs to me, I will ask you about it. It tends to throw you off in the continuity of your thought—

Mr. DOHENY. Just as you please, Senator. My first thought was to explain the labor situation and, probably, I have done so in a very verbose way; but I want to say that because of the discouragement of the development of oil in Mexico—oil sold as low as 3 cents a barrel at Beaumont, Tex. There was small consumption of oil, and not the many uses to which it is now put and for which it is being used in a very large way. The panic of 1893, or the depression which followed the flotation of the great United States Steel Corporation, the opposition on the part of Americans interested in selling imported oil to Mexico, the failure to be able to make earnings in substantial amount because of the abrogation of our contract, all caused the discouragement of most of our stockholders and the consolidation of the stock in the hands of a very few.

I am telling this because it is a part of the essential history of the company and shows the difficulties under which we labored.

I had a very valuable property in California, which I sold to one of the large railroad companies for a very substantial sum of money, over a million and a quarter dollars. I made up my mind that I would devote my entire time and capital to the successful development of Mexican properties, notwithstanding the discouragements. I bought for that purpose three lots in an addition to the City of Mexico and calculated on duplicating my present residence at Los Angeles in the City of Mexico, and, if necessary, making Mexico my home and becoming a resident there without, however, giving up my American citizenship.

I was so convinced of the enormous production that it was possible to develop in the Mexican fields that I felt justified in giving the personal attention which the business would require from somebody deeply interested, in order to prevent its abandonment by the stockholders.

As a first step in this campaign of development which I determined upon, I acquired the services, or at least retained the services, of the gentleman who had managed my property in California which I sold to the railroad company.

I wonder if it will be considered lengthening this testimony too much if I make a little comment upon his character and upon what his association with me really means?

The CHAIRMAN. The committee are inclined to let you just follow your own course. We think that the story that you are telling is one which is not only very interesting, but that it is necessary in order that the American people themselves should understand what Americans have done in Mexico.

Mr. DOHENY. The gentleman I referred to is Mr. Herbert G. Wylie, who was the general manager of the Petroleum Development Co. and who had been known to me for seven or eight years and associated with me for nearly four years. I realized that to develop this property economically, advantageously and in every way successfully I must have a man with the greatest possible constructive genius, energy, and fortitude to endure all of the hardships and privations and difficulties and obstacles that were to be encountered in this far away and little frequented country. Mr. Wylie was born in Dublin, Ireland, raised in Belfast of a family of four brothers, clergymen: an uncle who was chief justice on the supreme bench of Ireland. His family was divided between Home Rule and Orangeism. His own father was a very strong opponent of Home Rule, and he himself had been the president of the Christian Endeavor Society of California, and was a very devout Presbyterian, as he still is. I was and am of Irish-Catholic origin, south of Ireland parentage, born of two rebellions; and the association between the north and south of Ireland in the Mexican Petroleum Co. has, in my opinion, produced the greatest staple producing organization in the world to-day.

I selected by Wylie because of his known religious convictions, his great energy, his constructive genius that I had already become acquainted with through his four years of association with me and the four years of knowledge of him that I had had prior to employing him. My only fear was that because of his restless energy and dynamic force he would be too impatient and intolerant of the easy-going, awkward and, I might say without reflection, ignorant ways of the Mexican laborer. But I talked with Mr. Wylie and told him what my idea was about how these people ought to be handled, quoting as largely as I could from the language of Gen. Diaz. Without much comment he suggested to me that he thought he could handle the situation.

He went to Ebano and took charge, in October, 1902. We were employing at that time two or three thousand Mexican laborers to clear away the jungle, make roadways, build a refinery, and carry on the general operations of the field, but we increased the number largely, built fairly good houses for them to live in, gave instructions throughout the camp that any white man or any American who found that it was impossible for him to work with the Mexicans must come to the office and get his time; that we were in a country where the labor must necessarily be that of the citizens of the country: that we could not expect or hope to change their customs except as they might change them themselves, voluntarily, by the example we

had set them. We must be patient with them. To my own knowledge, he rebuked and dispensed with the services of one of our most valuable foremen because he found him impatient with the Mexican labor.

I think this phase of the history of our company might probably be better described by reading clauses out of the various reports.

I have with me here the annual report of the Mexican Petroleum Co., Limited, of Delaware, and its subsidiary, the Huasteca Petroleum Co., for 1912.

Perhaps before I read from this report I ought to tell about the organization of the Huasteca company. I have not referred to that.

After Mr. Wylie had been at Ebano in charge of operations there for four or five years and had developed a large supply of very heavy oil which was proving to be a satisfactory locomotive fuel, Mr. Canfield and I made up our minds that it was worth while to undertake to find oil of a different character which could be devoted to more diverse uses.

With that end in view we explored the regions to the north and south of Tampico and acquired some extensive properties there, shown on the maps which are attached to these annual reports which will be submitted later on.

Some of those properties were obtained in fee simple, as were the properties of the Mexican Petroleum Co. of California. Some were obtained by cash rental. We did not succeed in getting any of them on a royalty basis. The natives who wished to dispose of the land usually wanted to sell outright for cash or else receive a specific sum in cash annually for the right to the subsoil values. When we talked about a royalty, they did not have any faith in the discovery of oil, because none had ever been discovered. The material which promised a supply of oil was always considered a nuisance and a danger, and they would rather get some certain value for it than to run the risk of getting a profit as the result of the exploitation.

We therefore organized three companies, one, the Huasteca Petroleum Co., in which we put the largest tracts which we acquired in fee simple; the Tamiahua and Tuxpam Petroleum Cos. we organized with lands which we carried under lease, some of which we have since acquired the fee simple title to.

In order to acquire this property it was necessary to have roadways and other means of transportation from the city of Tampico through the jungles to our first scene of development. It was also necessary to be able to move this production to such market as we might find after production commenced. We adopted a plan of preparedness which did not commend itself to very many of our associates. That plan was to prepare for the thing which we hoped and expected to develop—prepare for the production of oil; so that when we commenced the development in 1909 of the Huasteca properties we also commenced the building of a pipe line 70 miles long, with 10 pumping stations and facilities for the storing of oil, all at a cost of about \$1,700,000. At the same time we commenced to drill the wells. The facilities were ready even before the wells came in, and many of the people who knew about the efforts which were made to be prepared for a big production were rather sarcastic in their comments that they made upon our forehandedness. Never-

theless, within a few weeks after the first well came in the pipe line was completed in time for the second well.

The first well, by the way, Casiano No. 6, we succeeded in shutting in as soon as it filled all of the storage tanks in this vicinity. The second well, Casiano No. 7, we brought in unexpectedly. The pipe not being cemented, the oil could escape from behind the pipe, and did escape through crevices in the ground, so that when the well was shut in a great spring of 3,000 barrels of oil flowed daily from the ground 200 yards away from the derrick, with the result that we had to leave the well open, with quite a flow into a reservoir and thence into a creek, and had to burn up several hundred thousand barrels in order to keep it from creating a greater devastation by flowing undirected.

This well started off with a production of about 70,000 barrels a day unrestrained and 25,000 barrels a day partially shut in, with a pressure of 285 pounds to the square inch. It came in on the 10th of September, 1910. It was 9 years old yesterday, and is flowing at the same rate that it did when it first came in. It has produced over 100,000,000 barrels of oil, all of which has been marketed and saved, except the first loss, which was occasioned by our not having the entire pipe line quite completed when it came in.

As to the other companies, we have never made much development on their properties, and they have remained as they originally were, the properties of the subsidiaries that I have named.

This report, therefore, of 1912 refers to the operations of the Huasteca Petroleum Co., which I have just described, and of the Mexican Petroleum Co. (Ltd.). I will rapidly read these parts that I have marked here for reading and then submit the report to the stenographer. This is dated April 8, 1913, and is the report for 1912:

#### HISTORICAL.

The companies owe their origin to the hope and belief of a very eminent railway manager and president (Mr. A. A. Robinson, of Topeka, Kans.) that, inasmuch as the discovery of fuel petroleum in substantial commercial quantities had been made by two of the organizers of your companies in the State of California, and that successful appliances and processes had been developed for the satisfactory use of the same as railway-locomotive fuel, that there might be found somewhere adjacent to the railway lines of the Mexican Central Railway, in the Republic of Mexico, deposits of similar fuel that could be likewise used profitably by said railway company in lieu of the high-priced coal fuel then and theretofore being imported into Mexico from the United States.

Encouraged by the liberal offers of assistance from Mr. Robinson, the president and first vice president of your company journeyed to Mexico early in 1900, for the purpose of prospecting for possible petroleum-bearing lands. Being pioneer prospectors of very many years' experience, they were not long in discovering the existence of plentiful surface indications, in the form of extensive oil exudes, which identified what is now the most productive (in proportion to the developments) and famous of all the oil regions of the world.

Their first trip was made in May, A. D. 1900. On a return trip. In August of the same year, they purchased two large haciendas, which now comprise the holdings (about 450,000 acres) of the Mexican Petroleum Co., of California. Upon their return to the United States they immediately proceeded to organize said company for the purpose of developing the lands so acquired.

Immediately after the organization of the company steps were taken to have it protocolized in Mexico, so that it would be authorized to do business in that Republic. The Department of Fomento of the Republic of Mexico at that time, as ever since, was earnestly endeavoring, under the laws of Mexico, to promote the investment of domestic and foreign capital in the building up of

new industries. This department is authorized and empowered by law to grant certain privileges to companies and individuals creating new industries. Under the provisions of said law your subsidiary acquired the right to import, free of duty, for a period of 10 years, the materials necessary to develop the petroleum industry; also the right to immunity from all Federal taxes (except the stamp taxes) for a like period. The granting of this concession establishes the fact that the industry of producing petroleum was not then being carried on anywhere within the Republic of Mexico. Your company is, therefore, the pioneer in its line of work in that Republic.

The Mexican Petroleum Co. never asked for or obtained any other concession of any kind from the Government of Mexico. At the time that the Huasteca Petroleum Co. was organized, its lands being situated many miles south of Tampico and remote from any railway transportation, it was known to its organizers that pipe lines would be necessary for the transportation of any petroleum which might be developed. To Tampico, the natural delivery point of that region. A concession was, therefore, solicited and obtained from the Department of Fomento for the free importation of materials for the construction of such pipe lines and freedom from taxation for the customary period. Except for the concessions herein named, no concessions, special privileges, or aid have ever been solicited or received from the Government of Mexico, or any State thereof. All of the lands belonging to and controlled by your companies are either owned in fee simple, having been purchased from individual owners, or are held under lease at cash rental, under contracts with individual owners. Your companies acquired no public lands in Mexico, by concession or otherwise.

The reason for putting that in the report is the reason for now giving it to the committee, because we did not want to fall into the category of those who caused the Bolshevik tendencies to-day in Mexico, notably through the writings of people who are to-day largely responsible for the Bolshevik conditions in Russia.

I really should not comment very much on that, because when I go into the subject I get to expressing an opinion; and if I were to express my opinion of some of those who are responsible for the bloodshed in Mexico and the bloodshed in Russia, I might possibly be subject to a charge of libel.

The CHAIRMAN. If it would not interrupt your train of thought, and if you can recur to it, you used an expression with reference to your company's preparing to do business in Mexico that is not generally understood. Of course, you and I understand it. You referred to the protocolization of your company. Americans generally do not understand what "protocolization" means. You were dealing with an American company in Mexico?

Mr. DOHENY. Yes, sir.

The CHAIRMAN. What procedure did you have to follow?

Mr. DOHENY. No foreign company can have any standing in the courts of Mexico to defend itself or to initiate litigation for the purpose of acquiring any legal protection unless it is known in the courts of Mexico; and it becomes known through a law which provides for the protocolization or the registering of foreign companies. When a company is protocolized there, as I understand it, they can protocolize themselves either as a foreign company holding all of their rights as a foreign company, or they may protocolize themselves abandoning their right to appeal to their own Government, making themselves purely a Mexican company. This was stated to us by our attorney, and we asked him to have our company protocolized as a foreign company which retained all of its rights as such to appeal to its own Government for the settlement of any dispute which was properly subject of diplomatic appeal. So that our company is

registered in Mexico in such manner that it may bring suits or be sued in the courts of Mexico in the ordinary way.

The CHAIRMAN. The method used is to have the Mexican Ambassador here certify that the company is legally organized under the laws of some State of this Union. With that certificate attached to the articles of incorporation they are taken before a court of competent jurisdiction in Mexico, which court appoints an interpreter. The interpreter, after regular court proceedings, makes a translation of all the documents and the court authorizes the company to do business and issues a testimonial or a copy of the articles of incorporation in Spanish. Under the Mexican law you then become authorized to do business and have all the protection of the courts.

Mr. DOHENY. Many of the legal acts which we had to perform down there were, of course, better known to our attorneys, and I did not give much attention to it.

The CHAIRMAN. Certainly. For that reason I call attention here now to it, because the majority of the American people do not know about it.

Mr. DOHENY. But it constitutes a notice that such an organization is there. It can not do anything surreptitiously, because its purposes, its own charter, are as well known to the authorities of that country as they are to the authorities of our own country.

The CHAIRMAN. And it legalizes you absolutely to the same effect, as a matter of fact, as if you have been organized under the Mexican law.

Mr. DOHENY. The next document which I wish to submit, and from which I will read a short passage, is the annual report of the Mexican Petroleum Co. (Ltd.) of Delaware and its subsidiaries, the Huasteca Petroleum Co. and the Mexican Petroleum Co. of California, for the year 1913. Most of these reports contain a historical statement of the company for the benefit of new stockholders each year, so that much of it reads very much like that of the former year, but it also refers to developments made and contains whatever there is new that will be of interest to the older stockholders.

What I am about to read now may be of interest, because it refers to the preparations which our company made to take care of the employees in Mexico. This is on the fourth page of the report for 1913, the last paragraph, beginning:

The company began its work in a country foreign to its stockholders. The place of beginning was more than 2,500 miles from the nearest oil-well supply establishment at that time. There was not sufficient population in the immediate vicinity of its property to supply the requirements of the company, and all classes of labor, skilled and otherwise, both foreign and native, had to be brought from distant places. The first development was begun in the midst of a tropical jungle, the effect of the climate of which had to be met by the immediate installation of proper sanitary facilities for the workers. The native laborers, while working for a very low wage (36 centavos per diem), were not accustomed to the continuous application which was necessary in the opening up of an oil field. The American imported workmen found it difficult to perform their customary duties in the much warmer climate of that region. The railroad companies had to be persuaded and educated to use the oil as fuel. The same was true of all the other Mexican industries, which have since come to depend for fuel upon the production of the oil fields. The competition of a wealthy and well-established paving corporation in the City of Mexico had to be met before a market could be found for any of the asphalt product of the company's refinery. The very limited and slowly increasing market did not seem to justify carrying on development at a very extensive

rate. Nevertheless, the stockholders of the Mexican Petroleum Co. showed their faith by authorizing the immediate installment of an ice and cold-storage plant, a sawmill, a machine shop, a boiler and blacksmith shop, an electric plant, an asphaltum refinery, a cooperage plant, a large warehouse, the building of 15 kilometers of standard-gauge railway, the purchase of 2 locomotives, of 25 tank cars, the building of one-half a million barrels of steel oil storage, the building of proper housing for employees, the employment of a competent doctor, the provision of a fully equipped modern hospital, and the construction of a 6-inch water line from the Tamesí River, 14 miles distant, with necessary pumping station.

Before any other company commenced to produce oil in Mexico the Mexican Petroleum Co. had been in operation for four years, had produced and sold several million barrels of oil, had contracted to supply for a period of 15 years the Mexican Central Railway Co. with 6,000 barrels of fuel oil daily, which contract it still continues to fill, and to which it has added contracts with the National Railways of Mexico, the Interoceanic Railway, the Vera Cruz & Pacific Railway, and the Mexican Southern Railway, thus supplying with fuel oil nearly 85 per cent of the railway mileage of Mexico until May 10, 1920. The total production of the Mexican Petroleum Co. up to March 5, 1914, was 15,020,927 barrels of oil. The company now owns 450,000 acres of land in fee; its (pioneer) concession having expired four years ago, it has no concession of any kind. The titles to this land, which were purchased from individual owners, are traceable back through said owners by documents in the possession of the company to the year 1583.

Owing to the unsettled condition of the country during the year 1913 a limited amount of drilling was done on the property of this company, one well having been completed in the company's 'Chijol district' having a capacity of 1,500 barrels daily. The producing capacity of the older wells has remained unchanged during the year. However, they have not been permitted to flow to their full capacity because of the interrupted and uncertain deliveries of oil to the company's customers. As no change can be discovered in the character and quantity of the production, we feel warranted in holding the belief that the present rate of production can be continued for many years to come and can be greatly increased by drilling whenever conditions justify.

In this same report I have devoted a chapter to the disturbed governmental conditions in Mexico; and I want to say here that attached to this report is a map of that portion of Mexico on which our properties are situated, which was copied from the very best Federal map of Mexico and which contains marks indicating just what property we acquired.

This chapter begins:

It is not possible to analyze the indirect effect upon general business in Mexico—the business of foreigners in that country—the business of Americans—the Mexican oil business in general—and the business of your particular companies, without dissertating upon the vexed questions of that Republic in a manner entirely at variance with the policy of the management of your companies. Your company officials have always endeavored to hold the company in an absolutely neutral position with reference to political affairs in Mexico, discouraging all expression of opinion on the part of its employees, and at all times meeting all of its legal obligations to the de facto Government in control of the vicinity in which its business is being done.

Much has been printed, by many newspapers and other periodicals in the United States, on the one hand about the unfair exploitation of the people of Mexico by wealthy and so-called grasping corporations, owned and controlled by foreign capitalists, and on the other hand about the unjust and flagrant violation of their rights and violent interference with their liberties on the part of the different Mexican authorities toward foreign corporations and their employees. It is not our desire to animadvert upon the correctness or fairness of such publications. It is deemed advisable, however, owing to the immense amount of information and misinformation that has been given publicity with regard to Mexicans and their attitude toward foreigners, and especially Americans, to enlighten you as to the real situation ament your companies.

From our first advent into the jungle regions of the Huasteca, 30 miles west of Tampico, then a commercially unknown, though favorably situated, port on the Gulf of Mexico, your management was under the necessity of dealing with

Mexican people of every degree of poverty, wealth, education, social and political standing. Your lands were purchased from landowners and prices paid therefor higher than had ever before obtained in that region. In fact, your agents found the hacendado a keen, shrewd trader, not easily hurried into concluding a bargain, who formed his conclusions as to the price he should put upon his property as much from the eagerness displayed by the would-be purchaser as from its value to himself, or the ordinary prevailing prices. Every landowner who sold us land during the early years of our operations was the envy of his neighbors, and was convinced that he had made a good bargain. Our Mexican attorneys, who were among the most prominent in the Republic, were convinced that we were paying altogether too high prices for these lands and often advised us against our seeming waste of money, because our desire to accomplish as much as possible in a short space of time frequently resulted in the price of desired lands being increased greatly by the owner, who, like our attorneys, had little faith in the ultimate success of our efforts to develop petroleum, and regarded the opportunity that offered of selling their land as being an especially fortunate epoch in their lives.

The commencement of development gave us our first introduction to the Mexican laborer, generally known as the "peon," and let me say here, in contradiction of all that has been heretofore said or may be said hereafter, that the Mexican "peon" is, and has been from the beginning, for us a most satisfactory employee. He performs his task whether in the cold, drizzly weather of the "norther" season or under the full glare of the tropical noontday sun with as much fortitude and much more good humor than the average laborer of any class known to the American employer. He prefers "piecework," called "tarea" work, to day's work, because with the former arrangement he can work at will, beginning his task before sunrise, resting during the midday heat, and completing as much as he desires to do during the cooler hours of the evening. He will work, however, at day's work, and work well, according to his knowledge and experience in the work he has to do.

Your companies have constantly employed for more than 13 years from 2,000 to 5,000 peons, provided them with food and housing for themselves and their families, thus bringing your officials into direct contact with and maintaining upon your properties from ten to fifteen thousand people. All of the centers of employment were established at places that had heretofore not been occupied. In other words, at the scene of your oil developments new towns have sprung up, five of which are now established centers of population where are to be found every convenience of the most modern farming or mining town in the United States.

At this point I would like to submit a photograph of the schools down there, and of the children coming from them. I do this in defense of our company against the possible inferences from the creditable work being done by other institutions that the oil companies are neglecting the children in their part of the country. This is a picture of the school children, and this is a picture of the schoolhouse on the Huasteca Petroleum Co.'s property. Those school children were taught by teachers who were nonsectarian, and the buildings are open to any representative of any church who may desire to come there and use it for religious purposes.

The CHAIRMAN. At whose expense was that schoolhouse built?

Mr. DOHENY. All the work done on all our properties, including that house, was done at the expense of the Huasteca Petroleum Co. and the Mexican Petroleum Co.

The CHAIRMAN. How are the schools maintained?

Mr. DOHENY. They are maintained at the expense of our company's treasury. If you desire, I would like to leave those pictures as part of my testimony.

The CHAIRMAN. They are so interesting that we will make an effort to have them put in the printed record.



Mr. DOHENY (reading) :

These five places are Terminal, Ebano, Tres Hermanos, Casiano, and Cerro Azul. Telephones and electric lines, automobile roads, good brick, stone, and lumber houses for offices and dwellings, store to accommodate the needs of the population, good bathing facilities, absolute absence of any liquor-vending establishment, a schoolhouse for children, an officer to maintain peace and order, these are the things which distinguish the oil camps established by your companies in these hitherto primitive regions.

The "peons" have collected in these camps from every direction, largely from the table-lands of Mexico, although a great many of the laborers belong to the native Indian population of the Huasteca.

I want to call your attention to what I am going to read now, Mr. Chairman, because you are familiar with the western towns of the United States.

It is quite noteworthy that although the Ebano, now more than 13 years old, has had a population varying from five to ten thousand people—

In 1913 the population was from two to seven thousand people. [Continues reading:]

All of the adult males of which were constantly employed at good wages, it has never been distinguished by that first and most familiar addition to the western prairie or mountain town in the United States, a graveyard occupied by men who "died with their boots on." No Mexican, nor, for that matter, American, has ever been killed in a quarrel among our employees.

The "peon" first came to your company to take employment at 50 cents Mexican currency per day, at a time when the Mexican peso was worth 40 cents in American money. The 50 cents paid by us was a large increase over the 36 cents per day which was the going wages in that country before our advent. The labor supply not being plentiful, inducements were offered to men to come from more distant parts of the country, and the rate of wages was increased to 60 cents, then to 75, and within two years to \$1 per day. The more apt laborers were, as necessity suggested, given employment that required more skill and their wages were correspondingly increased. At the present writing we are paying from \$1.50 to \$9 per day, Mexican currency, to Mexican workmen of various degrees of skill and intelligence.

I may add that at the present time, in 1919, the lowest wages we pay is \$2.50 per day, and we pay as high as \$16 per day to Mexican workmen. Most of the skilled workmen have developed their skill on our own properties. [Continues reading:]

At your companies' stores, all of the employees have ever been enabled to purchase such goods as are sold, at prices which did not contemplate any profit to the company.

Any profit that might be shown on the books was always credited to the stores and the prices lowered accordingly, so that our stores have been maintained at a risk of loss, and at no profit. [Continues reading:]

They are furnished with pure drinking water, plenty of ice, the care of a doctor when required, and their houses are, at the company's expense, inspected and kept in good sanitary condition.

I wish to say that we did not go any further, because we did not want to make ourselves competitors of the merchants in the country. We only wanted to supply our people with such things as they must have from day to day and could not get in the town. [Continues reading:]

To the merchants of Tampico and the surrounding country, the establishment of our industry has been a great boom. The company stores were merely supplied with such goods as it was absolutely necessary for the inhabitants of your camps to have at hand for daily consumption. The system else-

where in vogue, of supplying practically all the needs of employees from company stores, has not been adopted by your companies. Consequently, the bimonthly payments of large sums in wages to the thousands of workingmen in your employ have necessarily increased the business of all producers, merchants, and vendors of goods and food, of whatever character, thus adding very materially to the general prosperity of that section, the industrious population of which had been and is being, as hereinbefore stated, greatly increased by the importation of Mexican and foreign employees, to carry on the business of oil development.

I might interject this statement, in proof of the last paragraph I have read, that the town of Tampico had a populaion estimated at about 8,000 in 1900, when we first went there. Its streets were paved with rough stones, lower in the center than at he curb, which made the center of the street the natural drainage and, I might say, sewerage of the city. The city now has a population of fifty to sixty thousand people. It has many new business blocks built by the American people. Its streets were paved by our companies with arched centers.

Before we paved the streets an American contractor took the contract and put in a good sewerage and drainage system, and a good supply of healthy water has been brought in, so that Tampico to-day, with its fifty or sixty thousand population, is not only one of the most sanitary but is one of the busiest and has one of the happiest communities of any city in the world, not excepting the United States. And it is the only city in Mexico which to-day can lay claim to all the advantages that I have named, and which are directly traceable to the advent of Americans into Mexico, in a business which had never before been carried on in that Republic. [Continues reading:]

At the time that your company made its first contract with the Mexican Central Railway Co., in August, 1900, that railway company was paying \$4 a ton United States currency for coal fuel delivered to it at Tampico. Later, when deliveries of fuel oil were actually begun to the railway company at 75 cents American currency per barrel, the cost of the coal which the railway company was buying, delivered at Tampico, had been reduced to \$3.45 United States currency per ton, 3½ barrels of oil being fully the equivalent of 1 ton of coal. All economies considered, it is easily understood how it was possible, as stated by the vice president of the Mexican Central Railway, for said company to save 50 per cent of its former fuel cost on such locomotives as were converted to use oil fuel. The labor of handling the fuel on the locomotives was also changed from the man-killing process of shoveling coal in the hot, tropical weather to merely giving proper attention to the automatic oil-burning appliances substituted therefor.

I want to say, in connection with what I have just read, that from this paragraph this conclusion is inevitable: That is, that the railway which at that time—the time of this report—was largely owned and controlled by the Mexican Government, was saving in fuel cost a larger amount of money than was actually being paid for the fuel to the oil producers. So that the profits which, as has been said, might be shown in the oil business, was at that time shared to a certain extent by the Mexican people, in better wages to the employees, a better price for goods, more profit on goods because of greater quantities sold, taxes upon the oil produced, stamp taxes upon all the books used to keep account of oil operations, and, last but not least, an amount of profit which was equal to the entire price received for their efforts by the oil companies, in the way of a saving on fuel used by a railway which was one-half owned by the Mexican Government.

It seems to me, therefore, Mr. Chairman, that the charge that the only people who derived any profit from the production of oil in Mexico must have been made by people who were not informed as to the Mexican oil situation. [Continues reading:]

You can thus realize that the pioneering begun by your company and afterwards supplemented by many other oil developers resulted in the increase of wages from 36 centavos per day to an average of more than 200 centavos per day and the establishment of better living conditions and increased opportunities for employment to all the laboring people in that part of Mexico.

It increased the market value of his land to every landowner of the Huasteca region to whose property even a suspicion of oil value attached from the nominal price of 1 peso per hectara for unimproved, and 10 to 15 pesos per hectara for improved farming land, to the extravagant prices which are now being obtained by many landowners for lands that it is deemed advisable to exploit for oil production or oil-stock selling.

It reduced the cost of fuel to the railways and all industries that were so situated that they could take advantage of the substitution of oil for coal fuel, an amount greater than the total amount received by the oil producers for the oil thus consumed in Mexico.

In brief, your company discovered the basis for, and pioneered the development of, a hitherto unsuspected resource in the Republic of Mexico, which increased wages and brought about better conditions of living for all the poor people, which increased the land values for all the landowners, which gave increased business to all the farmers, merchants, bankers and artisan, which reduced the cost of operation to the railways and other industries, all without taking away from any individual, municipality or political division of Mexico, anything the existence of which had theretofore been known or even suspected. We, therefore, claim that those who, even in their minds, include the petroleum companies among the corporations that have exploited the people of Mexico or their country disadvantageously, are misinformed, or have not given proper consideration to the true history of petroleum developments in Mexico.

Your company, and so far as your officers know, all petroleum companies in Mexico have been a blessing to the communities in which they have operated. They deserve the respect and protection of the Government of Mexico and of the United States. They deserve the good feeling and friendship of all the people of Mexico, and particularly of those residing at and near Tampico, who have been more directly benefited as before related. They deserve commendation of all people everywhere, because of their confidence in nature's resources which gave them courage to undertake developments in a new region of hitherto unsuspected wealth, the first step in the carrying out of which necessitated the establishment of modern villages, and the bringing of opportunity for honest employment at good wages, and the necessary education and enlightenment which accompanies such employment, to a multitude of human beings not formerly so fortunate.

Notwithstanding much that has been reported which might suggest the contrary, we believe that the feelings of the Mexican people of our vicinity toward our companies have largely been influenced by the above-mentioned considerations. As to their attitude, we have this to record: That during more than three years of internecine strife, carried on in a country rough and wild in its character, sparsely populated, with few railroads and few wagon roads, where none were anxious openly to declare allegiance to either contending party, where more or less disorganized bodies of armed men roamed at will, privileged to commit depredations upon those who were suspected of opposing the party to whom they professed allegiance, no attack was ever made upon your employees or your companies' oil camps.

Frequently armed bodies of men invaded your camps, demanding food and money, and taking such arms as they could find, and live stock as they required. Their demeanor toward the camp superintendents was invariable courteous, and no malicious destruction of property was ever indulged in. Even at the time in the latter part of April and during the first half of the month of May of the present year, when the feeling against Americans ran very high in all parts of Mexico, and especially near Tampico and in the State of Vera Cruz, when it was deemed necessary that all Americans should withdraw from that

part of Mexico, which they did, and left the property of oil companies of great value scattered throughout a wide region entirely at the mercy of a people with whom it seemed probable our people might soon be at war, the natural fidelity of the Mexican employee and his friendliness toward your company, which had been a friend to him, was amply demonstrated by the care with which he conserved the property left in his charge. Except for the appropriation of horses, mules, automobiles, auto trucks, cattle, etc., as necessary war measures by both armies, no damage was done or permitted to be done to any of your company's properties. The provisions of every sort—store supplies, small hardware supplies, and many other valuable and easily removable articles—were entirely unmolested.

No act of vandalism was perpetrated against the oil reservoirs, pipe lines, pumping machinery, or refineries. The product of your continuously flowing wells was so faithfully conserved by the Mexican employees in charge that your general manager was able to report that not more than 5,000 barrels of oil were lost during the 30 days' absence of your American employees from the properties.

Upon their return to the property, they were welcomed by the Mexicans in charge as returning friends, not as whilom enemies. The business of the company was resumed as before the hegira of the Americans, and your company's officers recognize that the company and its stockholders owe a debt of gratitude to these particular individual employees, and that the Mexican working people are entitled to more respect and confidence than had theretofore been positively known.

This rather unusual accompaniment to the annual report of a corporation is submitted to you for the purpose of convincing you that the basis of your company's business in Mexico is not such as to class it among the so-called predatory corporation that exploit a people and a country and derive sustenance and profit by sapping the life blood of the country and unjustly withholding the profits due to labor. Neither is it so regarded by the great mass of the people of its acquaintance in Mexico.

It thrives on no special concessions; its lands were all purchased outright, at higher than going prices; the labor and material it uses are paid for with honest money; the result of its development have been beneficial to all affected; the profits which it made were more largely shared by the Government-owned railways of Mexico than by ourselves, the stockholders; the millions of dollars expended for all purposes have by no means all been recovered in the form of dividends. The principal part of your great investment is represented by the lands honestly acquired, which have great value, and by the developments judiciously made, which have produced gratifying results.

I want to submit this for your files, if you care to use it, Mr. Chairman.

The CHAIRMAN. It will be filed.

Mr. DOHENY. Each of these reports contains something worth while reading, it seems to me, to throw some light on the subject, but this one, I assure you, is the longest one, and you will not be tired by the sound of my voice in connection with the other reports, as in connection with the one just submitted. These others contain more pictures and fewer words, and probably will be more interesting and instructive.

I want to read from page 41 of the annual report for 1914 of the Mexican Petroleum Co. (Ltd.), of Delaware. I copied in this report a part of the last report, because I thought there were so many new stockholders of the company that they might be interested in knowing what we had to say the year before, which still applied to the present situation for the current year. So what I first read will be with reference to this excerpt from the last report.

The above excerpt is quoted from the report of last year, because the facts and opinions therein expressed have not in any way changed.

During the past 12 months of continual struggle between warring parties in Mexico, each endeavoring to obtain ascendancy over the other and establish

a Government with officials of its own choosing, large bodies of armed men have moved back and forth over great areas of the country foraging upon the towns and farms, bringing about much destruction of property and causing a state of fear and unrest to pervade communities everywhere, with the result that business of nearly every kind has largely stagnated, but more especially the business of producing foodstuffs.

The region where your properties are situated is the latest to become the scene of struggle for possession on the part of the warring parties. Immediately after the taking of Tampico from the Huertistas by the Constitutionalists, in May, 1914, an era of peace and progress began in the Huasteca region. Your companies, and many other oil companies, resumed work of development, which gave employment at good pay to all who desired work. The schism in the ranks of the Constitutionalists later on did not immediately affect conditions in the Huasteca oil region.

I might say the schism I referred to is that resulting from the disagreement between Villa and Carranza. [Continues reading:]

Toward the latter part of 1914, however, the railroads of Mexico having largely fallen into the hands of the particular division not in possession of the oil regions, an effort was made by them to drive their adversaries away from the only available native sources of supply of locomotive fuel. This caused the coal fields north of Monterey and your oil district at Ebano to become the scenes of many sanguinary conflicts. The party that held the town of Ebano nearly all of last year is still in possession of that place, but besieged by a large army of the opposing force.

I want to say that the town of Ebano and the oil camp were besieged for four months by Tomas Urbino, with about 14,000 Villa troops, and it was held in opposition to him by Jacinto Treviño, a Carranza general with about 6,000 troops. As a result of the siege of Ebano hundreds of cannon shots penetrated our different steel reservoirs, making holes from 4 inches to 8 inches in diameter, through which the oil escaped. Our pipe lines were broken, the smokestacks shot away from all our refineries, our office buildings partially destroyed with cannon shots, hundreds of thousands, probably millions of pockmarks on the steel tanks where rifle bullets struck them without penetrating, and about 800,000 barrels of oil destroyed, showing that the siege was not merely an attempt to starve out, but an actual attempt to capture the town, which was favorably situated for defense, and which was surrounded with trenches in every direction occupied by the attacking force, at a time, I think, prior to the making of any trenches of the European war; at any rate, contemporaneous with that time. [Continues reading:]

As a result of the war in the neighborhood of Tampico, food supplies have been cut off and the quantity on hand either commandeered for military uses or almost entirely consumed. There was little or none for sale in the market places. A large number of the poorer people in Tampico were facing starvation. Upon being notified by your terminal superintendent of these conditions, your management immediately authorized the purchase in Texas of quantities of rice, corn, beans, and flour, their transportation to Tampico and distribution among the people, thus relieving the situation. At the present writing there is no actual want in that city, although conditions farther south in some of the interior towns are pitiable and fast becoming alarming, ordinary articles of food, such as flour, rice, corn, beans, etc., being entirely exhausted.

This account of the conditions, and the action taken by your officials, is given here so that you may appreciate the fact that the Mexican Petroleum Co. and its subsidiaries are known in Mexico as the friends of the people and the supporters of no faction.

In conclusion we feel rather grateful to say that, notwithstanding the four years of changing governmental conditions in Mexico, no great direct loss or injury has been suffered by your companies because of the struggle for su-

premacy between the opposing parties in that Republic. The indirect loss, because of the interruption to business, was necessarily very great. The direct losses, while considerable, were entirely incident to war conditions and were not the result of malice or desire on the part of any of the warring parties to injure your properties. The interruption to your business, due to the great and deplorable conflict in Europe, have also caused substantial indirect losses.

I would like to submit this copy of this report of 1914.

The CHAIRMAN. It will be filed.

Mr. DOHENY. This accumulation of evidence is offered just for the purpose of showing the attitude of foreign corporations, and I think I am justified in saying that every other company down there has assumed the same attitude; that there has been no effort made to favor any faction, and while the individual employees, both Mexican and American, may have had their own likes or dislikes, or their own opinion as to who ought to succeed, it has never been allowed to influence our companies or, I am quite sure, any other company operating in the Huasteca region.

I am going to read an extract from our annual report for 1915, on page 11. This is going to carry you back to a time which precedes the organization of our companies. I quote in this report a letter which I tried to find, and telegraphed to New York yesterday for it and was unable to get it, that I wrote to Mr. R. C. Kerens, of St. Louis, who has since deceased, but was formerly United States ambassador to Austria. This letter shows what we thought about the country in 1900, when few people knew anything about it, and fewer had any faith in the success of our enterprise down there. I quote from my letter to Mr. Kerens:

The geological construction of the country we found to be somewhat similar to the eastern portion of the Joaquin Valley in California—the sedimentary rocks being still practically horizontal—the disturbances, therefore, being very few and not very extensive.

In that particular I want to acknowledge that I was wrong.

The oil exudes of that region are to be found in the locality of these disturbances and are of the most promising character. The place visited in June, near Chijol, about 3½ miles from the Mexican Central Railway, was such as to enthrall us very much as to the prospect of developing oil there in large quantities and suitable for fuel purposes. A visit to a point called Cerro de la Pez, about 3 miles from the Mexican Central Railway, on the south side of said railway, not only confirmed the opinion which we formed at our first visit but satisfied us beyond all doubt of the existence of a very extensive region which is underlaid with a rich deposit of oil-bearing sand, the oil from which makes its appearance on the surface at such points as the disturbances in the overlying rocks will admit of.

At the particular point above referred to we found a conical-shaped hill, the apex of which was composed of a dark, crystalline rock of igneous origin, which had undoubtedly been forced up through the sedimentary strata. From the rocks so disrupted the oil had exuded and flowed down the hillside into the valley, forming great beds of asphaltum by passing off of the volatile parts thereof. At various points around the base of the hill the gas and oil could still be seen issuing from the ground; and at one point a great pool of oil had accumulated in a depression immediately overlying the point of exude, and the gas rising through the oil kept it in a constantly boiling condition, the bubbles and froth formed by the escaping gas covering the surface of the oil. Mr. Canfield ran a pole down into it to a depth of 10 feet or more and "swished" it around, demonstrating that there was quite a pool of oil of excellent quality for fuel purposes. The nature of this exude would indicate that the quantity of oil was not only considerable, but that the gas pressure would be great enough to insure wells of large daily production, and probably sufficiently light in quality to be more valuable for other purposes than for fuel.

We visited other oil exudes on the same rancho, and examined in many places the rock exposures, and satisfied ourselves fully that the existence of these asphaltum deposits at such points as the oil prospector would naturally expect to find them, taking into consideration the stratigraphy of the country rocks, their frequent occurrence over such a large area, and their similarity in every respect to the very best and richest exudes to be found in California, justifies the belief that we have obtained possession of a vast field of liquid fuel, which may possibly prove to be more valuable as a refining oil.

Without wishing to make it appear that we are extravagant in our ideas, we do not feel at all timid in saying that the Mexican lands which we have acquired have all the earmarks of containing within their limits oil territory equal in oil value per acre and many times greater in extent than the Bakersfield district in California.

This letter was written in September, 1900, and before the organization of the Mexican Petroleum Co.

In February of the following year—1901—the Mexican Petroleum Co. (California) having been organized, the first work of development was undertaken at a point on that company's property, now known as "Ebano," then merely a kilometer post on the Tampico branch of the Mexican Central Railway, 35 miles west of Tampico, in the midst of a tropical jungle, and likewise well within the boundaries of a 400,000-acre tract belonging to the Mexican Petroleum Co. in fee and fully paid for.

With supreme faith in the accuracy of their judgment, the managers of the Mexican Petroleum Co. procured the building of a railway siding and the establishment of a station, which they named "Ebano."

Ebano has the distinction of being the first oil camp established in the Republic of Mexico. Its founders were ardent believers in "preparedness." Not without misgivings on the part of some stockholders and directors who invested in this enterprise because of their faith in its originators, the camp at Ebano was early provided with facilities which are usually considered as justifiable only where a permanent industry is to be established. An ice and cold-storage plant to provide pure distilled water and proper refrigeration for meats, etc.; an electric-light plant to furnish light which would not menace the safety of the camp from possible gas development; a sawmill and carpenter shop to facilitate the construction of proper housing for men and supplies; an up-to-date machine shop, blacksmith shop, and oil-supply warehouse all followed each other in quick succession as important adjuncts of the new camp.

I might read more from that on that same subject of preparedness, and if it suits the chairman I can do so.

The CHAIRMAN. Just suit yourself.

Mr. DOHENY (reading):

Within a month after the first drilling rig was completed the prophecy of satisfactory oil development was fulfilled by the bringing in, at a depth of 525 feet, of a well which yielded 50 barrels of oil daily.

Disappointed in finding a market with an expected customer—located in a country where oil as a fuel substitute for coal was entirely unknown—with a product so heavy that it offered little inducement to refine it for illuminating or lubricating oils, the prospects of profiting by the discovery thus made seemed so remote that the holders of a large proportion of the stock of your oldest company withdrew their support and disposed of their interests.

The certainty, however, of eventually developing a sufficient market to justify the enterprise was so great in the minds of a few of the stockholders that the work of development was continued and an efficient operating organization provided.

For five years the annual reports to the stockholders were most monotonously similar in their recital of substantial sums expended with encouraging results, so far as production was concerned, but with practically no sales and no net earnings.

I might say that continued for nearly five years more, so that those who think the American oil developers who went into Mexico

found a bonanza at hand by means of which they immediately became rich need to study the history of the first 10 years of occupation of the oil territory by Americans.

Eventually a contract was made with the Mexican Central Railway Co. to supply its locomotives with fuel oil for a period of 15 years. Eleven years of that contract have expired and neither the railway company nor the Mexican Petroleum Co. have defaulted in their compliance with its terms, except as prevented by "Fuerza mayor." Sixteen million barrels of oil have been delivered and consumed in its fulfillment. Its operation furnished nearly the whole basis for many very satisfactory annual reports.

Six years after the establishment of Ebano, and still before the advent of any other oil companies in that part of Mexico, the wonderfully rich lands—now owned and controlled by the Huasteca Petroleum Co. and its subsidiaries, the Tuxpam Petroleum Co. and the Tamiagua Petroleum Co.—were acquired by the founders of the Mexican Petroleum Co. (California).

Six years of experience in Mexico in developing and supplying a market for petroleum and its products had forewarned your associates against the errors which many others have later committed. Having visited the scene of the abandoned efforts of the late Cecil Rhodes and other British financiers to discover petroleum under the guidance of the most prominent and widely known English "oil geologists," and having purchased, or acquired under terms of cash rentals, these supposed "oil lands" from native owners, who were skeptical of their oil value and unwilling to lease them on a royalty basis, but willing and anxious to sell for cash, your associates then determined to carry out their policy of "preparedness," which was to be rewarded so satisfactorily after the five years of persistent application, without return, on your Ebano property.

I might say here, to throw a little light on the history of oil development in Mexico, that many years before we undertook to prospect Cecil Rhodes, the great explorer of South Africa, had his attention called to the possibilities of Mexico. A company was organized, called the London Oil Trust, through the efforts of a man named Burke, who was an associate of Rhodes, and operated under the direction of the late Sir Boverton Redwood, who died last year, a most eminent oil geologist. They expended over £90,000 without any results, and abandoned their efforts.

We now have on one of the properties which they acquired, but a short distance remote from their attempted development, developed the greatest oil well the world has ever known and probably ever will know—Cerro Azul No. 4—which yields the measured production of 261,000 barrels per day.

In 1909 the machinery for drilling several wells, the pipe for building 70 miles of 8-inch pipe line, 10 mammoth oil pumps for the establishment of five pumping stations, 70 miles of right of way, and hundreds of acres of land for storage tanks, and twelve 55,000-barrel steel tanks to complete the first unit of development were all planned for, purchased, acquired, and constructed in anticipation of the oil development which followed.

These acts of "preparedness," at a cost of nearly \$2,000,000 (American gold), were not fully completed when the first great gusher at Casiano was "brought in." The second gusher followed close upon the first, being completed on the 11th day of September, 1910.

I see I was mistaken, Mr. Chairman, in my statement a while ago. It is nine years old to-day.

The storage tanks at Casiano had been filled by the first gusher. The pipeline to Tampico, 70 miles distant, was not yet quite completed. A delay in acquiring a right of way left a gap of 12 kilometers in the line, when Casiano No. 7 commenced to belch forth oil at the rate of over 60,000 barrels per day. The unexpected bringing in of this gusher made it impossible to complete control of the well. When shut in to about 285 pounds pressure per square inch it yielded



oil at about 25,000 barrels per day. When completely shut in the oil flowed to waste through numerous crevices and around the outside of the casing. As a result the right of way was quickly obtained and the 12 kilometers (about 7 miles) of the gap in the pipe line were completed in less than a week.

It required nearly 18 months' time to purchase the right of way, acquire and lay the pipe line, and construct the pumping stations. If preparation to store and transport the oil had not been begun until after Casiano No. 7 was brought in, your company would have lost oil at the rate of 750,000 barrels per month during all of the time that was required to build sufficient storage and a pipe line to care for it.

The annual report for that year should have brought much satisfaction and consolation to the stockholders of the Mexican Petroleum Co. (Ltd.), which had already been organized two years. It contained so much of mere promise, however, and such a long recital of expenditures and debts incurred, and so little in the way of net earnings, except such as consisted of oil placed in storage, for which there seemed, to them, no adequate market, that one of your oldest officers and directors (whose faith in the enterprise, by the way, is evidenced by the fact that he has increased his holdings of stock and securities every year during the 16 years of its existence), stated in a semijocular tone, "If our prosperity were much greater, it would bankrupt us."

That was after we had been 10 years in Mexico. We had made such immense sums of money by robbing the Mexican people that one of our stockholders, a man 80 years of age, said if we had a little more prosperity we would go bankrupt.

As in the years from 1901 to 1905 with the Mexican Petroleum Co. (California) when its wells were capable of producing many thousands of barrels of oil daily and no market was available, and the company was financially unable to build adequate storage, so the Huasteca Petroleum Co. seemed to be confronted with a similar situation, except that it was financially able to and did provide standard steel and concrete storage to the amount of over 10,000,000 barrels capacity.

Nevertheless, the advantage of a substantial and adequate market appealed to your management, with the result that two substantial contracts were quickly entered into, which extended over a period of five years each. The earlier contract has already been completely filled. The second and larger contract for 10,000,000 barrels will be completed in August of this year. It is obvious that these deliveries were necessarily made at the end of the company's pipe line in Tampico Harbor.

A campaign was immediately entered into for the sale of larger quantities of oil for fuel and other uses locally in Mexico. The possibilities of such a market were soon largely exploited with satisfactory, though necessarily limited results. The great need of your company at that time was an unlimited market, which could only be reached with marine transportation facilities. Unremitting and unsuccessful efforts were made to acquire tank vessels by charter. Without depending, however, solely upon the chartering of vessels from strangers, your associates formed a company to contract for the building of necessary tank steamers for the purpose of placing the same at the service of the Huasteca Petroleum Co. A fleet of six steamers was contracted to be built in England. The first of the fleet, *S. S. Herbert G. Wylie*, was received in February, 1913, and the remaining five by due course of contract.

I think, Mr. Chairman, that unless you desire me to read further I will submit this annual report for 1915 for such purpose as you desire.

The CHAIRMAN. It will be filed.

MR. DOHENY. I merely desire to comment on this by saying that not only had no American oil company, except our own, paid a dividend on its stock, but that all of the investments made in Mexico which resulted in the discovery of oil would have been absolutely useless except for the enormous investments made outside of Mexico. So that brings me to the point of calling your attention to one of the great errors made by Mexicans and Americans as to the value

of Mexican oil. It is not exactly a parallel illustration, but I am going to use it, nevertheless, by saying that the value of oil underground, that is not known or demonstrated to exist, is measured by the oval circle. When it is brought to the surface it then bears the same relation to its value at a market that any other substance does.

And I want to state that there are oil wells in Mexico to-day that, if their valves were opened, would produce a large amount of oil, but the owners have no pipe lines, no harbor facilities, no tank steamers with which to carry it to market, and consequently the oil has very much the same value, so far as the present time is concerned, as ice has in the continent of Greenland. If it could be transported to New York or Washington these warm days it would undoubtedly find a ready market and be very valuable, but nobody would pay a very high price for it in its present location. That is true of the oil underground in Mexico, even where wells have tapped it and it is available. So that the taxes, such as Mexico has placed to-day upon oil, should be compared with its value at the derrick, not at New York City, where American capital has expended millions upon millions of dollars in building refineries and storage facilities and tank steamers for transporting it. The taxation to-day levied by Mexico on oil products runs from a minimum of 20 per cent to over 50 per cent of the value at the well. That can easily be demonstrated by figures, and if your committee is interested in that phase of the dispute between the oil companies and the United States Government on the one hand and the Mexican Government on the other, we will be glad to submit a table illustrating our ideas of what the values are in Mexico, and what percentage of that value we are paying in the way of taxes to the Mexican Government.

The CHAIRMAN. We will be glad to have the table submitted. The Treasury Department of the United States has requested the committee to furnish it with eight copies of the hearings of this committee, as the hearings proceed.

Mr. DOHENY. I read briefly from the annual report of 1916, a marked paragraph, on an unnumbered page, but it is the next page to the last:

During the month of November, 1916, the president of your company, accompanied by several of the officers and some stockholders, with their wives, visited Tampico by sea and went to the various parts of your properties, including Elano, 38 miles west of Tampico, and Cassiano and Cerro Azul, 90 miles to the south. The traveling to the interior was done without arms, without a guard, wholly unprotected, and with no expectation of other than the very best of treatment from the people who might be encountered, in which we were not disappointed. Another trip of inspection was made during the month of March, 1917, covering the same ground. The party, 15 in number, included the president, two vice presidents, and several large stockholders of your company, also representatives of several influential New York financial houses and journals and some California oil men not interested in your stock. As to the physical condition of the property, the "esprit" and optimism of the local management, the demeanor and attitude of the people of the country, and the prosperous and active appearance of the vicinity and business generally, and especially that of your companies, all the visitors expressed themselves in the most enthusiastic language.

There is a particular reason for reading that one paragraph. The report has much in it that may be of interest, and if you desire I will file it. The reason I have read the one paragraph is because I wanted to call attention to something which most people up here in

the United States, and even most Mexicans, do not seem to understand, and that is that there is an immense amount of risk attached in going to any part of Mexico by rail. Consequently my voyage with my wife and friends and their wives was made by water from Galveston to Tampico. After we reached Tampico and were in the vicinity of the oil camps we thought it was safe to go through the oil region with our people. That was a little over two years ago. So that the security with which Americans prospected and traveled, both for pleasure and for business, all over Mexico 20 or 30 years ago and up to 10 years ago was narrowed down to a much smaller region as soon as political troubles commenced, and that, of course, in my opinion, was very natural. The district in which it was safe to go has since narrowed, until to-day it is deemed unsafe to even go in the places where we thought it was safe two years ago.

So that security for travelers in Mexico has not increased with the quietness that is said to prevail down there.

The best evidence of that is that people wishing to go to those regions are afraid to go by rail, and no trains are running from Monterey to Tampico. At least so I am informed by Mexican gentlemen who arrived in New York from Mexico a few days ago. One of those gentlemen said that if I wished to send somebody to Tampico the route by way of Victoria would be unsafe; it would be necessary to go from Monterey to Saltillo and San Luis Potosi, and then back to Tampico, a detour of some 300 miles. That is in the State of which Gov. Osuna is at the present time governor. It is a border State, adjoining the Rio Grande and the Gulf of Mexico, and has for its largest city and southern terminus the port at Tampico, where all of the oil companies, or nearly all of the oil companies, have their offices, receive their supplies, and ship much of their oil; but, nevertheless, the road through that State, governed by the appointee of Gen. Carranza, is considered unsafe—in fact one of the most unsafe in Mexico.

I am merely calling attention to the facts in reference to this, just as they exist to-day.

I will read a little from a report of 1917, the annual report for 1917. I wish you would bear in mind, Mr. Chairman, that these reports were all issued fairly late in the year following that which they bear date of. [Reading from Annual Report of 1917:]

As with all other large business concerns of this country, the past year has been an epochal one with your companies. It was expected, and logically so, in the early part of 1917 that the gross business and earnings of your companies would be greatly increased during the current year. Preparation had been made to increase largely, in fact to more than double the amount of tonnage which would be used to move oil from your company's terminals at Tampico to the market. In no spirit of criticism nor complaint, it is necessary to inform you that in this respect you were doomed to meet with disappointment. The menace of war, which made itself known in the spring of 1917, brought with it, to your management, a realization of the necessity of a greatly increased supply of petroleum to meet the coming war needs. They realized also that it is the patriotic obligation of every American citizen and business concern to do the utmost to strengthen the hands of the Government whenever the need might arise. With a desire to do our part, your management wired to the President of the United States an offer of all of the facilities of your companies, to be used for such purposes as he might deem necessary.

In the month of June, when your company had nine steamships of 60,450 tons, one having already been commandeered by the British Government, six of the remainder were volunteered at the request of the Navy Department, and

were placed in the service of the United States Government to carry petroleum products transatlantic. As new steamships which had already been ordered built for your company's service were completed, additional takings were made by the Government, with the result that 64,000 tons of shipping provided for moving oil for your company from Mexico, to its customers, were used to carry petroleum products of other companies from north United States Atlantic ports to the war zone, for the use of the various allied armies.

You were told on page 27 of the report of 1915 that "anticipating the delivery of these steamers, your management made contracts for the sale of crude and fuel oil to responsible customers \* \* \* equal to the total deliveries possible with the tank steamers on hand and to be received from builders."

The volunteering of a large part of your fleet, the requisitioning of others of your tank steamers, and the delays which occurred in the construction of the remainder, limited your company to supplying only the customers to whom they were bound on time contracts at former prevailing prices, and of foregoing the sale of any oil at the better prices which the greatly increased demand stimulated. A calculation was carefully made of the loss of earnings to your company, by reason of the diversion of some steamships and the failure to get others. That amount, conservatively determined, is in excess of \$6,000,000 for the last six months of last year.

We figure it out for the period of the war at a little over \$17,000,000. [Reading further from report:]

You may have the consolation of knowing that in so far as your investment in this company is concerned, you have made the supreme investment sacrifice of risking the very existence of the ships, without which your business could not be carried on, and of sacrificing all of the earnings and profits which it was planned the ships should produce for your company during the remainder of last year, after they went into the Government trans-Atlantic service, and for such period in this year as they will continue in such service. Inasmuch as the average price of the contracts which we are legally and morally bound to fulfill with the use of the steamships that remain in your possession, is very much below the price which now obtains for like products in similar markets, your sacrifice is much more than what might be calculated by considering the percentage of your ships which has been employed exclusively in war service, moving none of your products.

In this great emergency, when the struggle, not on for national existence but for civilization itself, is being carried on against a most ruthless and powerful foe, no citizen of business concern does its full duty unless it does all that it is possible for it to do. The consciousness that your companies have not been backward in this respect should bring to you great satisfaction.

I think that brought many a peculiar smile on the faces of our stockholders, who looked to the profits of this company to meet the higher cost of living brought on by the war. [Reading further:]

The production and the sales of oil from your properties in the past year were nearly identical, the increase of oil in storage during the year being limited by the storage capacity, which was already nearly full at the end of 1916.

It is desired to call your attention to the following: That the total number of barrels disposed of during the year was 17,587,138; that the price received therefor was \$17,457,292.49, an average price of 99½ cents per barrel. In former years the average price received per barrel was much less than shown for this year, being 85 cents in 1916, 67 cents in 1915, 64 cents in 1914, and 58 cents in 1913.

The greater price received this year was not due, however, to any increased price for the oil at the point of production in Mexico. There were very many more productive wells in existence in Mexico during 1917 than during any prior period, and the proportion which the potential capacity of the wells bore to the transportation facilities was much greater than formerly, and consequently, although no regular market price exists for oil at the well in Mexico, it is a fact, nevertheless, that purchases could have been made at as low a price per barrel as during former years. The increased average price received by us was due largely to an increase in the proportion which was refined and which was delivered at distant points, the selling price of which was increased by the cost of refining and transportation. Six million eight hundred six

thousand and forty-seven barrels of crude and fuel oil were sold f. o. b. Tampico at an average of 53½ cents per barrel, while 46,134,430 gallons of crude gasoline, produced at the Topping plant at Tampico, sold at approximately 11 cents per gallon, and 9,682,174 barrels of crude oil were sold and delivered at various foreign ports at 91 cents per barrel.

From the above it will be seen that the average selling price of oil at Tampico, whether fuel or crude, has not varied greatly over the last three years, the variation being due entirely to the fluctuating cost of transportation.

During the past year, your affairs having reached stage where the expenditure of funds for betterments justified it, your directors declared dividends on your common stock for the last two quarters, which amounted to \$1,180,263, the rate being \$1.50 per share, the equivalent of 6 per cent per annum. The above dividend, added to the preferred-stock dividend of \$960,000, makes the sum of \$2,140,263 disbursed for 1917.

And I want to say that that is the first dividend paid on our common stock for six years—that dividend for the first half of the year 1917. With your permission, I will submit this also to be filed.

The CHAIRMAN. You may file that.

Mr. DOHENY. Just a few words from this report of 1918, which will bring another phase of the whole Mexican situation before your committee, and it comes in the form of comments upon the exhibits which are connected with the report.

The CHAIRMAN. Suppose we take a short recess here, if you are going to another phase of the subject. The committee will be in recess until 2.15 o'clock.

(Thereupon, at 1 o'clock, the committee took a recess until 2.15 p. m.)

#### AFTERNOON SESSION.

The committee met at 2.15 o'clock p. m., pursuant to the taking of recess, Senator Fall presiding.

The CHAIRMAN. Mr. Doheny, whenever you are ready we will proceed.

#### STATEMENT OF EDWARD L. DOHENY—Continued.

Mr. DOHENY. Mr. Chairman, I have still one annual report that I have not filed, and I will say a few words in explanation of it and submit it, as I have the others, as a part of the evidence which we have to offer as to what the conditions are in Mexico.

It seems to me that there can be no better evidence of the dual nature of the oil business, or of any other business carried on by Americans in Mexico, than an explanation of the relative contribution of foreign and of Mexican labor and capital to the production of the materials produced and sold and the proportion of which goes to the benefit of Mexico and the proportion which goes to the benefit of foreigners, and the percentage which each proportion bears to the contribution from each source. This is the annual report of the Mexican Petroleum Co. (Ltd.) for the year 1918, just sent out to the stockholders of that company. It reads as follows:

The consolidated statement and report submitted herewith includes the seventeenth annual statement of the Mexican Petroleum Co. (California), the eleventh annual report of the Huasteca Petroleum Co., the fourth annual report of the Mexican Petroleum Corporation, the first annual report of the Mexican Petroleum Corporation of Louisiana (Inc.), and is the eleventh annual report of your company, which owns 99 per cent of the stock of the Mexican Petroleum Co. (California), and all of the stock of each of the other subsidiaries.

During the year 1917, for reasons set forth in the last annual report, the volume of your company's business was far below normal expectations. The causes which prevented the natural expansion of the business during 1917 obtained to a large extent during 1918. The putting in commission last year of a part of the new fleet of steamers which had been provided, resulted, however, in a noticeable increase in the volume of business over that of the previous year.

Attached hereto will be found a consolidated balance sheet and a consolidated profit and loss account for the year 1918. A study of the exhibits and comparison with 1917 will show that:

Oil inventories are valued at cost instead of at average contract selling values as heretofore.

Mexican taxes paid in 1918 are more than double the amount paid in 1917.

We make no complaint about this increase in taxation, but we want to call your attention to the fact that we shipped 16,700,000 barrels in 1917 and 18,500,000 barrels in 1918, or an increase of 11 per cent. But the taxes were more than doubled.

The amount set aside for income and war taxes increased nearly 800 per cent over 1917.

Taxes paid, plus the amount set aside for completion of tax payments, amount to 60 per cent of the net profits and over 26 per cent of the gross income.

Profits, before deducting war taxes, are more than double the profits for 1917.

Dividends paid during 1918 were \$4,128,008, as compared with \$2,140,263 paid in 1917.

That is not on account of any increase in the value of the oil at the well in Mexico, because the value of the oil at the well in Mexico had not increased during that period, but it is because a larger percentage of the oil was refined, and all of it was carried a much greater average distance from Mexico, adding the cost of transportation and refining to cost of production, which made a much larger investment for a given quantity and consequently a larger profit for a given quantity of oil.

As I have said, the dividends paid during 1918 were \$4,128,008, as compared with \$2,140,263 in 1917. That was because we commenced paying dividends for the first time in six years on the stock of the Mexican Petroleum Co. (Ltd.) during the last half of 1917, and we paid them during the whole of 1918.

(Reading further from report:)

Taxes paid to both Governments were nearly \$3,000,000 greater than the amount paid in dividends.

That is a matter that I want to call attention to, and I wish it could be put in double-ledged type in this report, because it is something that concerns every industry that is carried on abroad by Americans or abroad by any foreigners in any country; with their costs at home, with their investments in foreign countries, at the risk of confiscation or unjust treatment by foreign governments, they still continue to pay, if they make a profit, their taxes to support their own Government. Therefore, as a matter of right, they should have protection, even if it was not guaranteed to them by the constitution and by the laws of the country from the time of the adoption of the constitution up to the present time.

(Reading further from report:)

Taxes paid to both Governments were nearly \$3,000,000 greater than the amount paid in dividends.

We paid nearly—or, in fact a little over—\$7,000,000 in taxes and something over \$4,000,000 in dividends.

(Reading further from report:)

Oil sales for 1918 were 18,500,000 barrels, as compared with 16,736,000 barrels sold in 1917, an increase of 11 per cent. The selling price in 1918 was \$26,320,545, as compared with \$17,007,209 for the preceding year. This difference is accounted for by the fact that a large proportion of oil sold in 1917 was disposed of in crude form, while nearly all of the oil sold in 1918 was either refined at the company's plant at Destrehan or partially refined at the company's plant at Tampico, Mexico. Still another cause for the increased return from oil sales is the fact that a much larger proportion of the oil sold in 1918 was carried to distant markets, thus using a larger amount of tonnage per barrel of oil moved and adding to the selling price the added cost for transportation.

The selling price of the crude and fuel oil in Mexico has not varied as greatly as the selling price at North Atlantic United States ports. The price at the latter ports was and is affected by the high charter rates for tanker tonnage.

Well, as I am going to file this report, I do not know whether it is necessary to read much more of it, but there is an article here on the market which, while it does not touch directly, does indirectly have some effect on the consideration of this entire subject, and I think I will presume on your good nature to read this article for you.

[Reading further from report:]

The necessities of the great war required the use of all tanker tonnage for the delivery and storage of as large an amount of petroleum products as possible to points where it would be available for various war uses. The signing of the armistice immediately discontinued a very large percentage of the consumption of fuel oil for Navy uses, and of motor spirits and gasoline used by launches, lorries, tanks, autos, and aeroplanes. So successful was the work of the petroleum industry in keeping an adequate supply of all the needed petroleum products at the war bases, that the cessation of fighting found all of the Allied storage on the Continent filled with oil, many loaded tank steamers on route to Europe, and the United States Atlantic storage stations also fairly well filled.

And inasmuch as the oil industry is involved in this Mexican dispute, and may be the subject of contumely not only for its work in Mexico as well as in the United States, I would like to say, without claiming to hold any brief for any other oil company than our own—but I want to include in this statement all the oil companies of the United States—that during the war every American, as well as every English, French, and Italian industry, contributed their utmost to supply the needs of the war, whatever they might be, and wherever they might be required; and it has been stated by those connected with the war supplies in the United States—it was first volunteered by the French, and then by the English war-supply agents—that the only industry connected with the war supplies which was 100 per cent efficient was the petroleum industry. It supplied every need of the Navy, the transport service, the armies, including the airplane service, without any failure and without there being at any time any shortage, although there were two or three times in the history of the war, especially in the midsummer of 1918, when there was a threatened shortage of airplane gasoline, but it never occurred, and the service was so good, carried on entirely under the management of the oil companies themselves, that the close of the war, the signing of the armistice, found every storage tank in western Europe filled with oil, all the tank steamers en route to Europe filled

with oil; and many of them had to remain months before they could be unloaded, because the consumption of oil from the reservoirs did not make room for them as at early periods.

[Reading further from report:]

This condition immediately demoralized the movement of oil. A period of transition ensued. New uses for oil are being developed so rapidly that there is likelihood of a shortage both of the supply and of the means of transporting it from the wells to the consumer. The great merchant marine of the United States, which it is said will amount to more than 20,000,000 tons when completed; the substitution of oil for coal because of its greater economy at many industrial plants in the United States as well as Europe; its demonstrated superiority as a naval fuel, which results in its being substituted for coal in all the navies of the world as rapidly as convenience and economy will permit, all tend to develop a demand for fuel oils and motor spirits that will fully tax the future supply. Your management with a view of early benefiting your companies by the new adjustment has been instrumental in organizing a supply company with associates largely interested in the industries of Great Britain, whose efforts will be devoted to marketing the petroleum products of your properties.

The remainder is of little interest not being connected with the subject that I am testifying on, so that with your permission I will submit the report as it is.

While talking on the subject of oil fuel, I was asked by the Fuel Administration oil branch to submit to them a letter with my opinion on the value to the United States, especially during the war time, of the American-owned oil fields in Mexico. In answer to that request, I hurriedly wrote a letter on the 15th of March, 1918. I was asked by many people, who read it, to have it published, which I never did. But, much to my satisfaction, I have seen it quoted in a great many articles since given to the public through the medium of newspapers and other periodicals. This is not a very long letter, but it sheds a new light upon the interest which the United States ought to take in the oil fields in Mexico, as well as elsewhere in the world, and if it will not be considered too remote in connection with this matter, I will attempt to read it to you.

The CHAIRMAN. Proceed, sir.

Mr. DOHENY. This is dated March 15, 1918.

It is addressed to Hon. Mark L. Requa, Fuel Oil Administrator, Washington, D. C.

The future welfare and prosperity of the United States, both during and after the present great World War, may be said to be largely dependent upon or at least affected by the uninterrupted operation and control of the oil fields in Mexico now owned by American companies.

I wish to say for the purpose of showing the importance of this letter at the time it was written, that it was at the time of the great German concentration and drive in the spring of 1918, when there was certainly some doubt as to what the outcome of the war might be, and this was asked for because of its importance at that time.

(Reading further from letter:)

About 20 years ago Americans discovered, and have developed by the expenditure of scores of millions of dollars and made available, the great oil production which is now finding its way into the markets which supply the United States and its Allies, both for industrial and war uses.

Statistics show that approximately 300,000,000 barrels of oil per annum are being produced in continental United States, from 200,000 oil wells.



Prior to the great development and use of motor engines for many purposes, notably, automobiles, trucks and tractors, aeroplanes, launches, etc., there was being produced in the United States more oil than was being used to supply both the home and foreign markets, and consequently the amount of oil in storage increased to over 150,000,000 barrels.

This surplus resulted from the discovery of phenomenal oil fields in the mid-continent region and on the Pacific coast. The gradual falling off in the yield of the great bonanza oil districts, and the rapid increase in the use of various grades of petroleum both for the operation of the motor engine and as steam fuel, have brought about a change in the relation between supply and demand, so that during the year of 1917 the use of petroleum to supply the United States markets has been many millions of barrels in excess of the United States production.

The excess of use over production on the Pacific coast in 1917 amounted to more than 12,000,000 barrels, notwithstanding the fact that western South America, formerly supplied with oil from California, had drawn on Mexico for more than four and one-quarter million barrels of crude and fuel oil.

In the oil field east of the Rocky Mountains an equal amount was withdrawn from storage to supply the demands of the market. This reduction of surplus was unavoidable, notwithstanding that some very rich new oil territory was discovered and developed in the State of Kansas and fortunately made a substantial contribution to the production of 1917; and likewise notwithstanding the fact that more than 30,000,000 of barrels of Mexican oil, in addition to that sent to the west coast of South America, were imported to supply the United States and its allies.

The present and coming years will doubtless witness the discovery and development of additional oil fields within the borders of the United States, whose production may largely make up the present deficit of petroleum.

The ensuing year will certainly be one of extraordinary increase in the use of petroleum in its various forms. The new United States aero fleets, whose service is so greatly relied upon, the great numbers of motors and trucks needed to facilitate the movement of American troops, supplies, and munitions in the war area, the fleet of destroyers and submarine chasers that is being created for use in the war zone, the plan for extensive tonnage of petroleum-driven cargo vessels and transports, all lead to the conviction that increasing quantities of petroleum will be constantly required; and that all its sources may need to be utilized to their utmost to provide a sufficient supply.

To rely upon the uncertainty of the discovery of new fields in the United States would be to invite disaster to our arms in the great impending struggle.

Where is relief from this danger to be found? The reply is, by continuing the present and increasing the future movement of petroleum from the oil fields of Mexico to the United States and its allies.

I am going to ask your indulgence while I relate some incidents that suggest the Mexican oil fields as a logical and natural source of supply for petroleum for the United States.

A large part of the lands which are recognized to-day as the richest part of the oil fields in Mexico were discovered and purchased by Americans in the year 1900. Their active development was begun a year before Beaumont, Tex., was known to the history of petroleum. The difficulties of the climate, the primitive character of the region and people where developments were first begun, its inaccessibility for supplies, the unbelief in its value as petroleum lands, were all fully appraised by its developers. They were encouraged by the Government of Mexico, which understood all of the difficulties heretofore mentioned, to undertake and persevere in the task of proving the truth of the ideas which they formed regarding the quantity and character of the oil deposits of that unfrequented and little-known region, the Huasteca Veracruzana.

Millions of dollars of American money, furnished principally by the original prospectors, were poured into the jungle in payment for pipe lines, railroads, drilling machines, houses, water supply, ice plant, electric plant, machine shops, American labor, and Mexican labor, everything necessary to initiate a petroleum development in a new country. For nearly 10 years the efforts of these Americans, while crowned with success in the matter of the development of oil, from the very beginning of their efforts—their first substantial well being brought in within two weeks after drilling commenced in 1901—were productive of comparatively meager earnings and no profits. The bringing in, in 1910, of the most productive oil well the world has known, precipitated a situation which

threatened financial bankruptcy to the original discoverers of this prolific field. The unrestrainable flow of this well, amounting to three-quarters of a million barrels per month, necessitated the rapid building of reservoirs of steel and cement so that the flow of petroleum would not go into the streams and devastate by flood and fire the region of its location.

Over 10,000,000 barrels of storage was built before plans could be developed for the movement of the petroleum produced by this well to places of consumption.

The original discoverers of this wonderful oil region were Americans. They had been successful oil prospectors in the United States before turning their attention to the neighboring Republic. Their proposed efforts in Mexico were welcomed by the Government of that Republic, which desired to stimulate new industries therein; by the railroad company near whose line the first development was undertaken and which hoped to and did benefit by the development of a superior locomotive fuel supply at 50 per cent of the cost of that which theretofore had been imported for its use; by the merchants of Tampico and vicinity whose business promised to be enhanced by activities thus initiated; by landowners of the region about Tampico who anticipated a wider market for their products and better prices for lands which might be supposed to contain petroleum. Even the laborers, known as peons, who could not then realize the advantage which might accrue to them, have since shown their appreciation and gratitude, by kindly feelings and helpful actions, for the treatment which these Americans accorded to them and which became possible only through the successful carrying on of the plans of these prospectors.

Millions of acres of supposed oil lands in the Tampico region have since been acquired by American, English, Dutch, French, and Mexican companies. The city of Tampico has grown from a comparatively unknown, squalid, pestilential, semi-tropic seaport of about 12,000 inhabitants, to a modern, well-drained, well-paved, metropolitan center of approximately 50,000 inhabitants. Lands that were purchasable at from 1 peso to 10 pesos per hectare (2.47 acres) have increased in price to a maximum of thousands of dollars per hectare and to an average increased market value of several thousand per cent. The daily wages of laborers have increased from 36 centavos (about 14 cents) in 1900 to 3 pesos per day in 1917, or over 800 per cent.

That three pesos per day is taken as the average of all the wages paid, high and low, by all the American companies to the Mexican workingmen.

(Reading further from letter:)

Many millions of dollars' worth of oil-well machinery, supplies, engines, boilers, and pipe have been brought into this region from the United States to be used in the development of these oil-containing lands. Other millions have been paid out in wages to American and Mexican employees, mostly Mexican. Still other millions have been paid in taxes on petroleum and increased valuations of property to the various governments of Mexico. Wells have been drilled that, conservatively estimated, may be said to have a potential capacity of more than a million barrels per day (which is greater than that of the United States). All of this change has been brought about through the enterprise and energy of Americans who were stimulated by the American pioneer spirit of development and encouraged by the kindly feeling evinced and promises of help and protection made by the Mexican Government under President Diaz and renewed by the late lamented President Madero. During 17 years American and other foreign money has poured into this region in Mexico for the purchase of lands, establishment of camps, and carrying on of oil-well development and production, with no objection from any governmental authority or suggestion of interference until 1917.

In my opinion, 80 per cent of the known valuable oil land holdings of the Tampico region belong to Americans or American companies.

I think I am understating the percentage that is owned by Americans and American companies; that they really own more than 85 per cent of the demonstrated oil territory.

(Reading further:)

The existing wells of these American companies can now, in my opinion, furnish an amount of oil annually much in excess of the difference between

the United States production and the amount required to supply America's needs. The present pipe-line and barge facilities are sufficient to deliver at the port of Tampico more than 100,000 barrels per day. There is in the Mexican storage of these companies more than 10,000,000 barrels of oil. The tank-steamer capacity of their fleets is fully sufficient to carry the above-mentioned daily quantity to the average United States Atlantic port. The American owners, as a whole, belong to the class of patriotic citizens who would be greatly gratified if their properties can and will be made to perform a national service in this time of need of their country.

It seems to me, therefore, that these American holdings in the sister Republic are a logical and presently available source of supply for the indispensable petroleum needs of the war.

This letter was written at the request of the Fuel Administration by a man who was known to have had experience in the oil business and judgment as to what our sources of supply of oil were for the immediate needs of the United States and its allies in the war. It was not written as an argument against the spoliation of Mexico.

(Reading further:)

The very latest movements of the German Government, as recorded in the morning papers—

And this I want to call especial attention to, although it does not relate directly to the Mexican question. It does, however, relate indirectly to the situation, because it details the enterprising movements of our British neighbors, commenced during the war.

(Reading further:)

The very latest movements of the German Government, as recorded in this morning's papers, point not only to the intention of that Government to extend its political and commercial influence over vast regions heretofore subject to the influence of and commercially tributary to other nations, but indicate that in so doing the fact has not been overlooked that one of the sources from which naval and commercial strength may be derived is by the acquisition of the great petroleum fields of the Black Sea region and of the regions to the south.

Great Britain's military campaign in Mesopotamia has been said to be largely due to its desire to protect its holdings in some extensive oil regions and to acquire rights in other still undeveloped lands having similar values.

There was published in the papers of the United States many months ago a statement attributed to Walter Runciman, president of the British Board of Trade, to the effect "that it is the policy of Great Britain to acquire as large a control as possible of the world supply of petroleum." This statement is said to have been made openly before the House of Commons at the time the British Government acquired an interest in the Anglo-Persian oil fields.

Three years ago this month I spent several weeks in London in consultation with men who are largely interested in England's maritime commerce. The subject of our negotiations was a supply of petroleum for several steamship lines. During the course of the negotiations it developed that one of the gentlemen had made extensive and expensive experiments to determine the relative value of petroleum and coal as a marine fuel. He told us the result of his experiments, which was to the effect that, used for steam-producing purposes, one ton of oil was the equivalent in power value of two tons of coal. Also, that used with an internal combustion engine, one ton of oil developed a power equivalent to that of six tons of coal, or of three tons of oil consumed to produce steam power. These experiments, made three years ago, were made public a few days ago through one of the scientific journals of America.

I make use of the above information for the purpose of illustrating and emphasizing what I am about to declare with regard to the importance of the Mexican oil fields to the United States.

The experiments above referred to, made by Lord Pirrie—

I would like to interject right here a remark or a few words which, again, I want to say, do not bear directly upon it, and they are to this effect: That I have just lately returned from Great Britain,

having spent nearly seven months there and on the continent, and the things which I told the Fuel Administrator a year ago last spring were being worked out have since been worked out. The British Government owns 65 per cent of the stock of the Anglo-Persian Oil Co., which has a concession from the Persian Government on 55,000 square miles of oil territory in Persia, and quite recently, it appears from the newspapers, the British Government has assumed closer relations to the Persian Government, of some port, and it is expected that a mandatory on Mesopotamia will be given to Great Britain, and that the great expenditure of life and money for the purpose of acquiring and holding that territory and preventing the Germans from occupying it, may be partly made up to them by the enormous oil values that are known to exist in Mesopotamia.

It is also known that the British troops occupied the Baku region, which is known to be one of the richest oil fields in the world.

So that by considering the present in connection with the quite recent past, the past when this letter was written, it is easy to be seen that my warning to the United States Government in this letter, which I understand was handed to President Wilson, was not unworthy of some study.

As Cardinal Mercier so kindly acknowledged yesterday—a rather rare acknowledgment from anybody living in Europe—in 1918 the American troops at the supreme moment turned the balance of the war in favor of the Allies. The British Government in the great drive in March, 1918, when Sir Douglas Haig's "back was to the wall," might be compared to a lion with his tongue stretched out about 18 inches, the German Kaiser with his foot on the lion's throat, but that lion shiftily scratching with the toe of his right hind leg, a location claim to the section around Mesopotamia, while his front half lay prostrate across northern France and Belgium.

The British Government then saw the necessity of holding for its citizens and for the "glory of the Empire," the great oil resources, even though it had to obtain and hold them by what might be considered questionable means, and I say to-day that the United States ought to hold for its industries and for its people—the people who use the flivver, as well as the people who ride in the limousine—the oil lands that are owned and have been acquired by Americans anywhere in the world, and they should not be allowed to be confiscated by any Government, whether it be British, Mexican, or any other. They ought to be maintained.

I make use of the above information for the purpose of illustrating and emphasizing what I am about to declare with regard to the importance of the Mexican oil fields to the United States.

The experiments above referred to, made by Lord Pirrie—

I may say that Lord Pirrie is my associate in the oil business, and he is one of the greatest business men in Great Britain, and is successful in every respect, and is a thoroughly liberal-minded man and understands fully what oil is to this country as well as to other countries.

The experiments above referred to, made by Lord Pirrie, demonstrate that the people or nation using the internal-combustion engine for power purposes on freight ships can successfully compete with the nation which is confined to the use of coal as a marine fuel and even with the nation whose freighters are equipped with steam engines whose power is derived from the use of oil as fuel.

As between the use of oil and coal the coal user can not successfully compete with the oil user, and hence the fleets, of whatever nation, that depend upon coal as a fuel will, in competition with oil-using fleets, be as surely driven from the sea as the sailing vessel was in competition with the steam freighter. The use of coal for maritime purposes requires coaling stations at many places over the globe, often at places where the nation whose flag the steamer flies has no territory or jurisdiction. The necessity for coaling stations has been one of the many causes of friction between the great Governments of the world. The fewer of these stations that are required the less danger from such friction. The radius of an oil-using steamer is more than twice as great as that of a coal-using vessel. Hence, only half as many fuel-oil stations would be required as coaling stations. The possession of an adequate oil supply suggests the probability of a very large use of the marine internal-combustion engine. With such a freighter fuel stations are almost unnecessary. At any rate, their use would be reduced to a minimum.

As to the advantages in the use of oil instead of coal on naval vessels nothing need be said by me, as the subject has been so thoroughly studied and is so well understood by the Navy Department. It is an acknowledged fact that, other conditions being equal, the oil-using navy can vanquish the coal-using navy.

Inasmuch as both Germany and Great Britain are seeking and acquiring sources of supply for large quantities of petroleum, it seems to me that there can be no question but that the United States must avail itself of the enterprise and ability and pioneer spirit of its citizens to acquire and to have and to hold a reasonable portion of the world's petroleum supplies. If it does not it will find that the supplies of petroleum not within the boundaries of United States territory will be rapidly acquired by citizens and Governments of other nations and that our dream of maritime greatness and commercial equality with other nations of the earth will prove indeed a dream and that we have slept while other nations have taken advantage of the opportunities which a bountiful nature has offered to all.

Is such a needed supply of petroleum available to the United States now from within her boundaries? The answer is no.

The rate of increase in the use of petroleum and its products for interior purposes has been so great that it must be expected that within a few years the United States' production will barely suffice for its own consumption. This statement is not intended to, nor should it, be a cause for alarm as to the internal supply of petroleum and its products.

That time has already arrived. At the time this was written we were credited with having less than 4,000,000 motor engines in use on all kinds of vehicles. To-day we have over 6,000,000, and Mr. Durand is credited with the statement that in less than 10 years we will have 15,000,000 motor vehicles. Now it requires some 350,000,000 barrels of oil to supply the motor machines in use for every purpose. In 10 years it will require two and a half times that amount unless we use the heavier petroleum products and the heavier gasoline, but even admitting that, there is no question but that we will use at any rate within a year or two more oil than we can produce in the United States. We are up against the necessity for importing oil to-day in order to supply the demand of every family in the United States that can afford a flivver.

To the uninitiated, the average rate of decrease in the production of oil wells might well be a source of great anxiety. The oil producer, however, is fully aware that the initial production of the first few wells in a new field can not be sustained, even by the continuous drilling of a large number of new wells, and is cognizant of the long-lived character of the decreasing production of existing wells, and also the unceasing efforts which are being made to develop the use of a larger percentage of the crude petroleum.

The oldest fields in the United States, those of the Appalachian region, nearly 100,000 in number, yield an average of less than two-thirds of a barrel per day.

They yield sixty-two and one-half hundredths of a barrel of oil per day.

In the newest oil region of importance, the Rocky Mountain, while not a large producer, the 400 wells average over 40 barrels per day. The great mid-Continent field, of comparatively recent development, with nearly 50,000 wells, averages approximately 9 barrels per day. And California, some of whose wells are nearly as old as those of the Appalachian region, and some of its oil districts less than a year old, yields over 90,000,000 barrels per annum at an average of over 30 barrels per day. Twenty wells in Mexico, unrestrained, will yield over 600,000 barrels daily, or an average of 30,000 barrels per day per well.

Perhaps it is not a safe thing to admit that, because that might be one of the reasons why the cupidity of certain elements of Mexico have been excited to the extent to forget all international laws for the purpose of getting possession of the wells and keeping possession of them from those who are really entitled to them.

To keep up the American production of 300,000,000 barrels annually from 200,000 wells, whose yield perceptibly decreases from month to month, is a herculean task, requiring rare courage on the part of the prospectors for new regions, and strong faith and large capital investments for closer drilling and extension of developed fields.

Where, then, is the United States to look for the 100,000,000 barrels per annum additional oil now needed for war and industrial purposes, and hereafter needed in increasing quantities in peace times to carry on the pursuits of commerce and industry?

Will we pursue the policy of a hermit state and endeavor to live within ourselves, or will we continue as heretofore to pay tribute to the nations that provide the means for ocean transportation?

As never before in the history of the human race, the need of adequate transportation facilities has recently been brought home to the civilized peoples of the world. For nearly half a century our country has been building at an unprecedented rate great inland railways for the transportation of the people and supplies from centers of production to centers of development and consumption. During this period of rapid interior development and growth, which occupied a large proportion of the time and energies of our people, we have apparently lost our interest or been weaned away from the consideration of one of our former great sources of wealth and power as a nation. For 50 years the American merchant marine has been undeservedly neglected. The necessities of the present struggle have undoubtedly at last awakened all of us to a realization of a fact, heretofore ignored by most of us, which is that adequate transportation facilities are just as necessary for the growth and prosperity of a nation as is great productive capacity. The genius and enterprise of Americans, stimulated by a forward-seeing governmental personnel, will undoubtedly give the proper encouragement and aid to the development of the ocean trade of the United States.

Some difficulties we have, however, to overcome, the principal one being the handicap resulting from the higher paid labor in our country. This handicap must not be overcome by a reduction in wages of labor. To some extent, it can and will be offset by the greater efficiency of American labor and its management. Cost of production of sea-going vessels and cost of operation have heretofore interfered with the building up of our merchant marine. Cost of operation suggests not only the labor problem but the fuel problem as well.

Not many decades ago the windjammers gave place to the steam freighters using coal as fuel. The era is beginning in which the coal steamer will be forced to give way to the more economical, more efficient oil-using steamer, which will have a greater radius and greater cargo space per ton capacity.

It has been difficult, except in some few favored localities, to establish any basis for computing the oil value of oil-containing land; that is, the amount of oil which is contained under a given area per acre and the percentage of that amount which is likely to be yielded to the efforts of the producer. Various methods of calculation have been used both by oil geologists and oil-stock sellers. Most if not all of the methods so adopted have been plausible and worthy of some credence. In 1893 the writer made an estimate of the amount of oil producible from a given area within the city of Los Angeles, where the thickness of the oil measures had been determined by drilling and its porosity arrived at by ex-

perimentation. The boundary of the oil field being also fairly well established, it was estimated that the district should produce approximately 120,000,000 barrels of oil, or about 40,000 barrels to the acre. Statistics now show that approximately that amount has been pumped from the Los Angeles oil field.

In the Bakersfield oil territory calculations made on a similar basis gave expression to the opinion that 400,000 barrels per acre would be produced from certain areas therein. While that field is not yet entirely exhausted, the approximate correctness of the estimate has been sustained. From less than 300 acres at Spindle Top, it is said that over 60,000,000 barrels of oil have been produced without exhaustion. A small area developed by the writer in California has yielded nearly 300,000 barrels per acre. The Casino Basin, owned by the Mexican Petroleum Co., in the State of Vera Cruz, Mexico, with an area of less than 1,000 acres, confined within a perimeter of balsatic nonoil-bearing rock, has yielded (through one well whose production has been restricted to a little over 20,000 barrels per day by closing the valve until it shows a pressure of 320 pounds to the square inch) over 65,000,000 barrels of oil, and is still yielding at the rate of approximately 700,000 barrels per month. The limits of the Casiano pool are remarkably well defined and the production has already reached the enormous quantity of approximately 75,000 barrels per acre.

All of the foregoing is stated for the purpose of arriving at a basis for belief in the following estimate.

This is the point that I want to lead up to and that explains Mexico.

There are somewhere between 50 and 100 American companies, large and small, that have holdings of supposed oil lands in Mexico, acquired either by purchase or lease.

I think that the latest record shows 152.

The aggregate amount of land so held is not less than 2,000,000 acres—probably nearer double that amount. The writer, who is familiar with that entire region through journeyings made for nearly 18 years for the purpose of prospecting it for oil indications, estimates that perhaps 10 per cent of the supposed oil lands may really contain oil beneath the surface.

There are other vast regions in Mexico where there are indications of commercially valuable oil pools existent beneath the surface. The American-owned area in the State of Vera Cruz, however, is the part whose approximate oil value I desire to call attention to.

Extraction of oil already made in California and the middle continent fields proves that 100,000 barrels per acre is not an excessive amount to expect from favorably constructed oil horizons.

Without going into an explanation of the nature of the oil horizons or oil pools of Mexico, I desire to state that the 90,000,000 barrels of oil already produced by the companies with which I am associated in Mexico seem to justify expectation that the oil pools of that region will yield an amount equal to at least 100,000 barrels per acre. If so, the 10 per cent of the American holdings, which I estimate at about 200,000 acres, will contain 20,000,000,000 barrels of oil.

I do not fix this sum as a calculation; hardly as an estimate, but I mention it as a reasonable amount that may be expected to be yielded by the American holdings of oil lands in the Huasteca Veracruzana lying between the Tamesi River on the north and the Tecolutha River on the south.

This oil field, discovered by Americans, acquired lawfully under the then existing laws of Mexico, through purchase or lease, developed not only without protest but with the approval of the Mexican Government, at the cost of scores of millions of dollars, having a potential daily productive capacity nearly, if not quite, equal to that of the United States, having a reasonable oil valuation of some billions of barrels, is the source to which the United States must look for the supply of petroleum which will justify the building of a commercial fleet that can compete for cost of operation with any other fleet which the great nations of the world may have or construct.

Without this legitimately acquired supply, and with the certainty that the other great oil pools of the world are or will be placed at the service of the other great commercial powers, the hope for an American ocean-transportation

system which will serve the purposes of this country in its extension of trade and influence over the seven seas can not be realized.

Mexico is not the only source for petroleum in large quantities, but it has the greatest developed and demonstrated supply, and all other probable sources of great supply are politically, nationally, and geographically less favorably situated than are the American oil holdings in Mexico.

If you consider that letter worth going into the record as part of the history of the oil developments of Mexico, brought out by the request of the Government, I will submit it.

The CHAIRMAN. It is already in the record.

Mr. DOHENY. Now, there are some other phases of the Mexican situation that are not covered by the documentary testimony or the remarks that I have made in reading it that I am sure ought to be known to this committee, if you want to know what has most agitated the minds of people who have been trying to justify the carrying out of article 27 of the recent constitution. It has been said that the right to tax is the right to confiscate. I do not believe, though, that that character of confiscation is one which is reprehensible without examination, but where the confiscation strikes at the title of the property which is being attacked, it is one which, it seems to me, is indefensible, and for the purpose of showing that the oil men are to-day the subject of more or less confiscatory action, which, in my opinion, is entitled to the intervention of our Government in a diplomatic way, I want to call attention to the fact that crude oil from Panuco district can be purchased at Tampico for 25 cents per barrel. I think it has been offered for something less. It costs about 8 to 10 cents per barrel to carry it down to the Tampico, so that its value to the owner is the selling price less that cost, or maybe 15 to 18 cents per barrel.

The Mexican tax on that oil is 5 cents per barrel, so that I do not think it requires much of a mathematician to figure out that the tax at the well is  $33\frac{1}{3}$  per cent, although the Mexican statute says that the tax must be 10 per cent.

Fuel oil, which is the product of the refineries in Mexico, and which is the residuum of the latter oil, has recently been offered to the United States Government to the extent of 8,000,000 barrels at 35 cents per barrel in Tampico. The cost of transporting that oil to the place where it was to be delivered to the United States Government in Mexico is 10 cents per barrel, so that the value of that oil to its owners must be admitted to be about 35 cents per barrel. The tax that is paid on that oil, on millions of barrels of it, no matter what it sells for or where it goes to, every month, to the Mexican Government is 10 cents per barrel, or nearly 40 per cent of its value at the well. The law also provides for a 10 per cent tax on this oil.

Crude oil is being sold by the millions of barrels per month to various American concerns and transported from Mexico at the price of 45 cents per barrel f. o. b. steamers at the pipe-line terminus. Admitting a cost of 10 cents per barrel as a fair charge for piping this oil, its value at the well would be about 35 cents per barrel. The export tax on this oil is  $11\frac{1}{2}$  cents per barrel. I will not undertake to figure out what percentage that is, but it is much more than 10 per cent.

Senator BRANDEGEE. Are all these taxes that you have been referring to export taxes?

Mr. DOHENY. Yes, sir; all export.



The CHAIRMAN. In addition to that, are there other taxes paid—stamp tax on the books?

Mr. DOHENY. Yes, sir; there are stamp taxes on the books, and land taxes on the land, and we pay port charges for going in and out of the harbor with our vessels at so much per ton, but the direct tax on the oil is not only greater than the statutes of Mexico provide for, and to that extent are illegal, but they are the only national or Federal tax placed on any oil produced in any country. There is no other nation that places a Federal tax upon the production. The United States Government never raised one cent of revenue from taxes for oil produced in Pennsylvania or any other State. It is an innovation in Mexico, which nobody complains of because of the needs of the country, but it is a new thing and not the custom of any other civilized country. In order to increase the revenues, they openly and obviously violate the law; the petroleum commissioner has chosen to value this oil, not at the well in Mexico, where it has its Mexican value, but at the port in New York, where it has been increased in value by the cost of transportation, which is often from two to three times the value of the oil at the well.

There is another form of confiscation which is not quite as direct as the confiscation provided for in article 27 of the constitution, but it is nevertheless a confiscation and more reprehensible than the confiscation which results from taxation, and that is the confiscation of the rights of the lessee or lessor to take from lands, which he is entitled to take oil from, that which he depends upon for his profits from the land—by preventing him from drilling wells thereon.

The constitution of 1917, with its confiscatory clause 27, was adopted early in that year. Early in the following year President Carranza issued a decree, the legality of which we will not discuss, but it has been attacked not only by the amparos of the oil men, but by the Mexican legal lights in the City of Mexico.

I will submit for your information a copy of the decree of February 19, 1918.

The CHAIRMAN. It may be received in the record.

(The decree aboved referred to is here printed in the record in full as follows:)

PROVISIONS REGULATING ARTICLE 14 OF THE DECREE OF FEBRUARY 19, 1918, WITH AMENDMENTS DATED AUGUST 8, 1918.

[Translated from *Diario Oficial*, Aug. 12, 1918.]

ARTICLE 1. From and after August 16 next entries on petroleum properties may be filed on free lands.

ART. 2. A "petroleum claim" shall be understood to be a solid of indefinite depth, limited laterally by vertical planes passing through the boundaries of a continuous area of not less than 4 hectares and devoted to petroleum development.

ART. 3. By "petroleum development" shall be understood the extraction, reduction to possession or enjoyment of the following substances:

1. Petroleum to be found in ore bodies, beds, and natural deposits.
2. Gaseous hydrocarbons to be found in the subsoil or those seeping through the ground to the surface.
3. Natural deposits of ozokerite and asphalt.
4. All mixtures of hydrocarbons of the several kinds having their origin in natural phenomena.

ART. 4. No land shall be deemed free which shall have received a patent (titulo) for the development of petroleum, or on which there shall be a patent pending.

ART. 5. No land whose owner shall have filed with the Department of Industry, Commerce, and Labor the statement required in pursuance of articles 14 and 17, and transitory article 1 of the decree of July 31, 1918, shall be deemed free; but land shall be deemed free if, though the above-mentioned statement shall have been filed, no claim thereon shall have been made by the person filing the statement or by transferee of this preferential right, within the three months next following the 15th of the present month.

ART. 6. No land shall be deemed free which shall have been leased for petroleum development and the statement relating thereto filed with the department of industry, commerce, and labor in pursuance of articles 14 and 17, and transitory article 1 of the decree of July 31 of the present year; but land shall be deemed free if, although the statement shall have been submitted, no entry thereon shall have been filed by the person making the statement or the transferee of this preferential right within the two months next following the 15th of the present month.

ART. 7. Nor shall land be deemed free which shall have been leased for petroleum development and the statement relating thereto filed with the department of industry, commerce, and labor in pursuance of articles 15 and 17 of the decree of July 31, 1918; but land shall be deemed free if, although the statement shall have been submitted, no entry thereon shall have been filed by the person obtaining the preference referred to in article 15 of the decree hereinabove cited, or by the transferee of this preferential right, within the two months next following the declaration of preference mentioned in the article of the decree above cited.

Transfers of the preferential right mentioned in this article and in the two foregoing articles shall be recorded by public deed.

ART. 8. Nor shall land be deemed free, for the purposes of this decree and without prejudice to article 27 of the constitution, which shall be covered by any franchise (*contrato de concesion*) granted by the federal government to any individual or corporation for petroleum development.

ART. 9. Lands of common use, waste and national lands, town sites (*fundos legales*), and commons (*ejidos*) not subdivided shall not be open to entry.

ART. 10. Each entry shall refer to a single petroleum claim.

ART. 11. Each applicant for a petroleum property shall file his entry in duplicate, with the proper agent of the department of industry, commerce, and labor; such entry shall contain the name, age, profession, domicile, and nationality of the applicant, as well as the location, area, boundaries, and other pertinent data necessary to identify the property in question.

ART. 12. If the applicant be an alien individual, he shall attach to his application a certificate of the department for foreign affairs, establishing that he has complied with the requisites prescribed by article 27 of the federal constitution.

ART. 13. If the applicant be an alien corporation which shall have previously filed the necessary statement regarding the lands which it may own or the rights of the development of which it may be the assignee, the entry shall be admitted and the regular procedure followed, but patent thereto shall be issued only to an individual or a Mexican corporation organized under the laws of Mexico, to whom or to which the applicant corporation shall transfer its rights.

ART. 14. The applicant shall file with his entry a certificate from the stamp office, setting forth that he has deposited the value of the stamps to be affixed to his patent, according to the area of the property on which entry has been filed.

ART. 15. The agent of the petroleum bureau (*Ramo de Petroleo*) shall receive the entry, shall enter it in his register, and shall record thereon, as well on the original as on the copies, the date and hour of presentation. The applicant may demand that these annotations be made in his presence. If, in the judgment of the agent, the claim be lacking in clearness, he shall request such explanations as may be necessary, and shall record them in the original. In the copies, and in the register book. The absence of explanations shall not be ground for a refusal to register the entry. The duplicate shall be returned with the corresponding annotations to the applicant.

ART. 16. Within the three days following the presentation of an entry, and in view of the explanation submitted, the agent shall decide whether it is or is not to be admitted. In the former event he shall dispatch it in accordance with the regular procedure; in the latter event, he shall set down in writing the ground for his decision, which shall be subject to review by the

department of industry, commerce and labor, on request submitted by the applicant to the same agent, so soon as the latter shall notify him of his decision not to admit the entry, or within the ensuing three days.

ART. 17. Whenever two or more entries presented simultaneously and referring to the same tract of land shall be declared admitted, the choice between them shall be determined by lot, unless the preference as to the particular entry to be admitted shall be agreed upon between the interested parties.

ART. 18. Whenever several entries on different claims are filed, but having a portion common to all, a drawing covering all entries shall be held. Should the entry favored by lot embrace all entries filed, all remaining entries which shall have been included in the drawing shall, by virtue of this fact alone, be definitely rejected; but should the entry favored by lot comprise only a portion of the land on which entry has been filed, the remainder shall be included in a new drawing to be held as among all applicants, excepting only the applicant favored in the first drawing; and should there remain any portion of the land in dispute after the second drawing, one or more successive drawings as may be necessary shall be held, at which the procedure detailed above shall be observed. Drawings shall be held at intervals of three working days, so that applicants may be present at each of them with their claims duly prepared. Applicants failing to attend any drawing to which they have been summoned shall thereby forfeit the preferential rights acquired under the first drawing.

ART. 19. So soon as an agent admits a claim he shall post it on his bulletin board (*tabla de avisos*) for a month and shall furthermore cause it to be published three times within this period in the Official Gazette (*Diario Oficial*) and in two other journals chosen from among those having the largest circulation in the particular locality. The interested party shall take steps on his own account to see that the insertions are made.

ART. 20. The following shall constitute grounds for adverse claims (*oposición*), which shall suspend action upon the claim:

1. The total or partial encroachment upon a petroleum claim on which patent has been granted and which has not been declared forfeited.

2. The claim of the whole or a part of a property on which entry has already been filed, legally submitted, and a ruling on which is still pending.

3. The nonexpiration of the term within which under these regulations preference is granted to any individual or corporation with regard to the whole of a claim or a part thereof.

ART. 21. An adverse claim based on any of the grounds set forth in the preceding article shall be submitted to the agent of the petroleum bureau within 60 days, reckoned from the date on which the entry shall have been posted on the bulletin board of the agency.

ART. 22. The adverse claimant shall submit with his adverse claim a certificate of the chief stamp office setting forth that he has deposited the amount of the rental for one year corresponding to the property in question in accordance with articles 47 and 47 of this law; no adverse claim shall be admitted without the presentation of such certificate.

ART. 23. On the presentation of the adverse claim the interested parties shall be summoned to a meeting at which every effort shall be made to reach an agreement. In this action the procedure set forth in the regulations of the mining law at present in force shall be observed. If it be impossible to reach an agreement, the interested parties shall forthwith be notified that the merits of the adverse claim may be settled either by administrative or judicial procedure.

ART. 24. If the interested parties fail to choose immediately the administrative procedure, action shall be suspended and the records transmitted within 48 hours to the judicial authorities for the institution of judicial proceedings. The adverse claimant may only allege the grounds on which he based his original adverse claim and which expressly appear in the record transmitted by the administrative authorities to the judicial authorities.

ART. 25. If the interested parties choose the administrative procedure for the settlement of their differences, the record of the case shall continue the usual course. In order that the department of industry, commerce and labor, after hearing both parties, may render its final decision in the case.

ART. 26. When once the interested parties have chosen the administrative procedure, they shall not be permitted to resort to judicial proceedings; but if they have chosen the latter, they may, pending the rendering of the final judicial decree, submit the case to the ruling of the department of industry, commerce and labor.

ART. 27. Any ground for adverse claim differing from those laid down in article 20 hereof shall be submitted to the agent, who shall not, however, suspend the regular procedure of the record. The department of industry, commerce and labor, so soon as it receives the case for review, shall decide whether the ground alleged shall or shall not be taken into account. In the former event the case shall be heard and a ruling handed down in accordance with the provisions of articles 23 to 26 hereof. Should the department refuse to admit the adverse claim, the case shall proceed as if no such adverse claim had been submitted, but the rights of the adverse claimant shall subsist.

ART. 28. The department of industry, commerce and labor may take into account during the review of the case any adverse claim submitted, provided the adverse claimant prove that he failed to submit his adverse claim to the petroleum bureau agent through no negligence of his own.

ART. 29. Applicants failing to make the insertions required under article 19 hereof within the terms set by the said article, those failing to give the explanation requested in order that the entry may be admitted within the term set, and those failing to attend the meetings for the purpose of effecting an agreement shall be declared in default (*morosos*). Every defaulting applicant shall forfeit the deposit referred to in article 14 hereof.

ART. 30. The adverse claimant who shall fail to attend any of the meetings for the purpose of effecting an agreement shall be deemed to have desisted from his adverse claim, except in the case of *vis major*.

ART. 31. Every adverse claimant who shall desist from his claim or whose adverse claim shall prove to be not well grounded shall forfeit the deposit prescribed by article 22 hereof, which deposit shall be applied to the payment of the rental for one year on the property, reckoned from the date of the claim.

ART. 32. Should no final ruling on the claim be handed down within a year, the applicant and the adverse claimant shall each deposit the amount of rental for one year in the chief stamp office; the same procedure shall be observed each year until a final ruling is given.

The deposit or deposits of the party in whose favor the final ruling is rendered shall be applied to the payment of the rental on the property, and the deposit or deposits of the party against whom the decision is rendered shall be applied to the federal budget in the form of diverse profits (*aprovechamientos*), but the right of the former to bring suit against the latter for damages in cases where such action is permissible shall subsist.

ART. 33. The department of industry, commerce, and labor may excuse the absences of the delinquent applicant whenever he shall prove, during the regular procedure of the record or its review, that such absences were due to *vis major* or fortuitous circumstances.

ART. 34. If no adverse claim causing the suspension of the regular administrative procedure in the case shall be presented within the period of 60 days allowed, the petroleum bureau agent shall transmit to the department of industry, commerce, and labor a copy of the record of the case as of that date.

ART. 35. Patents covering petroleum claims shall be issued through the department of industry, commerce, and labor after the petroleum bureau shall have reviewed the record submitted by the agent. These patents grant legal possession of the respective claims without the necessity of any further formality.

ART. 36. Patents shall be issued in favor of the applicant, without prejudice to the rights of third parties excepting in the cases prescribed in article 13 hereof. They may be issued in favor of a person other than the applicant only on proof of the transfer of the rights of the applicant in favor of the said person in a public deed. The interested party shall prove that he has paid the rental corresponding to his property before receiving his patent.

ART. 37. In the case of lands held in common the petroleum development of which shall not have been legally granted, only coowners may make entry on petroleum claims, and all action under such claim shall be suspended until all the coowners or their representatives shall meet under the chairmanship of the secretary of industry, commerce, and labor and make an express declaration, duly verified, of their individual rights; upon agreement a patent covering the ownership in common shall be issued to the petroleum claim comprising the subsoil of the land "*pro indiviso*." The share of each coowner shall be stated in such patent. The call for the meeting of the coowners shall be posted on the bulletin board of the respective petroleum agency within a term of 60 days; it shall likewise be published three times within the same term in the Official Gazette and in the two newspapers of largest circulation in the locality.

The department of industry, commerce, and labor is hereby authorized to appoint a committee charged with negotiating before the proper authorities the issue of patents of ownership in favor of such coowners.

ART. 38. If on the expiration of a period of 90 days reckoned from the date of the call to which reference is made in the foregoing article, all the coowners of the property in question fail to present themselves, such thereof as fail to present themselves shall be deemed to have forfeited their rights and patents to the property shall then be issued, subject to the compliance with the provisions of this law, to such coowners as do appear. Whenever those present do not seek to obtain patent covering the petroleum claim to all the land held in common, patent shall be issued for such portion as they wish, and the balance shall be declared free land.

ART. 39. The grantee of a petroleum property may at any time solicit a reduction in area. The petition to this effect shall be submitted to the proper petroleum agent together with the plat of the reduced claim and the original patent.

The new patent shall cancel the former patent, and no stamp tax by way of patent shall be assessed; but the grantee shall be bound to fix the boundary marks of the reduced property within the period set by the department of industry, commerce, and labor. So soon as the reduction shall have been agreed upon, the excess land shall be declared free.

ART. 40. The grantee of a property may extract therefrom all substances mentioned in article 3 hereof, without any other limitation than that of not trespassing by means of his extraction work on adjoining properties and that of complying with the provisions of this law and of such regulations as may later be enacted on petroleum department.

ART. 41. Operators of a petroleum property may occupy within the boundaries of a claim, subject to authorization of the department of industry, commerce, and labor, the surface area necessary for the work of extraction and for the immediate storage of the oil extracted, paying in such event the corresponding compensation to whomsoever may be thereto entitled; any judicial action instituted hereunder shall not delay the prosecution of the work.

ART. 42. Operators of a petroleum claim shall acquire easements of passage and of pipe lines on obtaining permission from the department of industry, commerce, and labor; they may likewise build such pipe lines and pumping stations as the development of the property requires on payment of proper compensation to whomsoever may be thereto entitled; any judicial action instituted thereunder shall not retard the carrying out of the work.

ART. 43. Operators of a petroleum property shall have the right to establish storage tanks and refineries, subject to the approval of the department of industry, commerce, and labor, and to the assent of the owners of lands it is sought to occupy. In the event of failure to obtain such assent, condemnation proceedings of the area necessary for such work shall be instituted.

ART. 44. Operators of petroleum properties shall have the right to build wharves, loading stations, and submarine pipe lines, subject to the approval of the department of industry, commerce, and labor, and in conformity with the provisions enacted on the subject by the department of finance and public credit and of communications and public works.

ART. 45. Only the respective grantees shall have the right to build storage tanks or refineries on petroleum claims.

ART. 46. The grantee of a petroleum claim may enjoy the surface waters for the needs of his operations, in pursuance of the general law on the subject. He may use the subsoil waters for the same purpose, subject to the approval of the department of industry, commerce, and labor, and on payment of the corresponding compensation to whomsoever may be thereto entitled.

ART. 47. The grantee of a petroleum claim on leased land shall pay the tax fixed by articles 2, 3, and 5 of the decree of July 31, 1918, making such distribution as is established in article 12 of the same law.

ART. 48. The grantee of a petroleum property on land not leased shall pay an annual rental of five pesos per hectare and a royalty of 5 per cent of the output.

ART. 49. Taxes shall be due and payable from the date of the entry and shall be paid in two monthly periods in advance; payment shall be made during the first fortnight of each period of two months.

ART. 50. Within a period of one year from the date of the issue of a patent the interested party shall build boundary marks at the vertices and other clearly defined points and such other intermediary marks as are necessary to make each boundary mark readily visible from the one next before; he shall

be bound also to present in duplicate to the petroleum bureau the plat of the land thus marked out. This plat shall fulfill the requirements of the department of industry, commerce, and labor, and the ratification or rectification of the patent shall be in conformity with such plat.

If the grantee shall fail to comply with this obligation, the department of industry, commerce, and labor shall impose upon him a fine varying between 50 and 1,000 pesos, according to the size of the property and the recurrence of the offenses; it may likewise cause this work to be done at the expense of the grantee.

ART. 51. The interested party shall, within two years reckoned from the issue of the patent submit in duplicate to the petroleum department the plans and descriptive data relating to the proposed work for the development of the petroleum property. These plans and data shall follow the requirements fixed by the department of industry, commerce, and labor.

If the grantor fails to submit the documents provided for in this article, the department of industry, commerce, and labor shall assess him a fine of 50 to 1,000 pesos, according to the size of the property, granting him another term within which to submit the said documents; no development work shall be begun until compliance shall be had with this requirement.

ART. 52. Within three years, reckoned from the issue of a patent, the grantee of a petroleum property shall be bound to prove to the satisfaction of the petroleum bureau that work on the development of this property has been begun.

ART. 53. The ratification or rectification mentioned in article 50 hereof may be made at the request of the owner of the property, of interested adjoining owners, or as a matter of course by a ruling of the department of industry, commerce, and labor. In this last event the final decision of the department of industry, commerce, and labor shall not affect the rights of the owner of the claim nor those of the adjoining owners who believe their interests are prejudiced.

ART. 54. Grantees of petroleum properties shall be bound to furnish the department of industry, commerce, and labor such technical and economic data as it may demand through the petroleum bureau; they shall likewise be bound to admit on their properties pupils from public schools who may be sent for practical study of the petroleum industry and to afford them every facility in their task. These obligations shall likewise be imposed upon the grantees of pipe lines, refineries, storage tanks, and loading stations.

ART. 55. Patents to petroleum properties shall be forfeited for the following reasons: Through failure to pay the tax referred to in articles 47 and 48 hereof; through failure to comply with the conditions laid down in articles 52 and 54; through suspending work for a period of six consecutive months without cause, after the work of development shall have begun; or through any grave infraction of the regulations of development (*reglamento de explotacion*).

ART. 56. Forfeiture shall be declared by the administrative authorities through the department of industry, commerce, and labor, after opportunity shall have been given to the interested party to be heard in his own defense, provided he can not prove that his failure was due to "force majeure."

ART. 57. In the event of forfeiture through failure to pay the rental prescribed, the corresponding declaration shall be made within four months following the period of two months within which the failure to make such payment occurred.

In the case of forfeiture through failure to pay the royalty prescribed, the declaration shall be made within the period of two months following that in which the ground for forfeiture occurred.

ART. 58. In the case of the declaration of forfeiture of any petroleum claim, patent to which shall have been issued to any assignees, such claim shall only be open to entry during the three months following the declaration of forfeiture by the prior assignees and by the owner of the surface of the property, who, to this end, shall make a declaration in the form prescribed in articles 15 and 17 of this law in order that the petroleum bureau of the department of industry, commerce, and labor may admit the entry of the last assignee of the right of development.

If the property whose patent shall have been declared forfeited be operated by a third party through a contract still in force, the contract of development shall subsist, the new assignee taking the place of the former assignee for the purposes of the said contract.

ART. 59. The actual operator of a property, officially recognized as such, whose patent shall have been declared forfeited, but who is not the grantee of the property, shall enjoy a preferential right of entry, valid within the 30 days following the term granted in the foregoing article to the several assignees of the right of development and to the owner of the surface of the property, provided none of them have made use of these rights.

He shall likewise enjoy this preference in the cases of forfeiture not included in the foregoing article, within the 30 days following the date on which the declaration of forfeiture shall have been posted on the bulletin board of the respective agency.

ART. 60. Every property comprising leased lands, patent to which shall have been declared forfeited, shall be deemed to be "free land" on the expiration of the terms fixed in the two foregoing articles and of the 30-day period from the date on which the declaration that the land is subject to claim shall have been posted on the bulletin board of the respective agency.

ART. 61. Every property comprising lands not leased, and title to which shall have been declared forfeited, shall be deemed to be free land 30 days after the declaration of forfeiture shall have been affixed to the bulletin board of the respective agency.

TRANSITORY ARTICLES.

1. Entries may be made only on land, statement regarding which shall have been duly submitted and whose area exceeds 4 hectares, provided there exist at present on them wells either in a state of production or which are being drilled, and provided further, that they are corrected by permits previously granted, and provided still further, that statements relating thereto shall have been filed in accordance with the decree of July 31, 1918.

2. The decree of July 8, 1918, and all laws, regulations, and provisions are hereby repealed in so far as they conflict with the present decree.

V. CARRANZA.

MEXICO CITY, August 8, 1918.

MR. DOHENY. This decree provides that article 27 should be put into execution by the recognition of the Government as the owner of all the oil beneath the land which for years has been operated by the various oil companies, and that in carrying out such recognition they shall file manifestos or documents showing the basis of their titles, etc., and that they shall pay rental for those lands at a certain rate per given area, and also royalties at a certain percentage upon the production; that any company refusing to do so would have its titles confiscated or, at least, the right to operate the land would revert to the land government by May 27 of the same year, 1918.

This decree brought forth from the State Department a letter, dated April 2, 1919, which established the policy of this Government with regard to such decree.

I would like to submit a copy of the letter of April 2, 1918, as showing the attitude assumed by our Government, and which attitude has been attacked within the last few days by witnesses, who find fault with the sense of justice of our State Department, by attempting to prove—although they were not qualified to do so—that the Mexican Government has not attempted to confiscate American property.

THE CHAIRMAN. We shall be glad to have that letter go into the record.

(The letter above referred to is here printed in full in the record as follows:)

MEXICO, April 2, 1918.

EXCELLENCY: The decree of the 19th of February, 1919, which was published in the *Diario Oficial* on the 27th of February last, establishing a tax on oil lands and oil contracts executed prior to the 1st of May, 1917, etc., has been

brought to the attention of my Government, and I am under instruction to state to your excellency that my Government has given careful consideration to the effect which this decree, if carried into operation, will have upon American interests and property rights in Mexico.

#### PROVISIONS OF THE DECREE.

The said decree provides for the imposition of certain taxes on the surface of oil lands, as well as on the rents, royalties, and production derived from the exploitation thereof. It is noted also that among the provisions for the collection of such taxes is one requiring that payment in kind shall be delivered to the Mexican Government at the storage stations of the operators. Articles IV, XIII, and XIV of the said decree seem to indicate an intention to separate the ownership of the surface from that of the mineral deposits of the subsurface and to allow the owners of the surface a mere preference in so far as concerns the right to work the subsoil deposits upon compliance with certain conditions which are specified.

While the United States Government is not disposed to request for its citizens exemption from the payment of their ordinary and just share of the burdens of taxation, so long as the tax is uniform and not discriminatory in its operation, and can fairly be considered a tax and not a confiscation or unfair imposition, and while the United States Government is not inclined to interpose in behalf of its citizens in case of expropriation of private property for sound reasons of public welfare, and upon just compensation and by legal proceedings before tribunals allowing fair and equal opportunity to be heard and given the consideration to American rights, nevertheless the United States can not acquiesce in any procedure ostensibly or nominally in the form of taxation or the exercise of eminent domain but really resulting in the confiscation of private property and arbitrary deprivation of vested rights.

#### NOT A NEW PRINCIPLE.

Your excellency will understand that this is not an assertion of any new principle of international law, but merely a reiteration of those recognized principles which my Government is convinced form the basis of international respect and good neighborhood. The seizure or spoliation of property at the mere will of the sovereign and without the legal process fairly and equitably administered, has always been regarded as a denial of justice and as affording internationally a basis of interposition.

My Government is not in a position to state definitely that the operation of the aforementioned decree will, in effect, amount to confiscation of American interests. Nevertheless, it is deemed important that the Government of the United States should state at this time the real apprehension which it entertains as to the possible effect of this decree upon the vested rights of American citizens in oil properties in Mexico. The amount of taxes to be levied by this decree are in themselves a very great burden on the oil industry, and if they are not confiscatory in effect—and as to this my Government reserves opinion—they at least indicate a trend in that direction. It is represented to the State Department that the taxation borne by the oil fields of Mexico very greatly exceeds that imposed on the industry anywhere else in the world. Moreover, it would be possible under the terms of the decree, in view of the fact that the Mexican Government has not storage facilities for the taxes or royalties required to be paid in kind, by storing the same in the tanks of the operators, to monopolize such storage facilities to the point of practical confiscation thereof until emptied by order of the Mexican Government or by the forced sale of the stored petroleum to the operators at extravagant rates.

#### SURFACE AND SUBSURFACE RIGHTS.

It is, however, to the principle involved in the apparent attempt at separation of surface and subsurface rights under this decree that my Government desires to direct special attention. It would appear that the decree in question is an effort to put into effect as to petroleum lands, paragraph 4 of article 27 of the constitution of May 1, 1917, by severing at one stroke the ownership of the petroleum deposits from the ownership of the surface, notwithstanding that the constitution provides that "private property shall not be expropriated



except by reason of public utility and by means of indemnification." So far as my Government is aware no provision has been made by your excellency's Government for just compensation for such arbitrary divestment of rights nor for the establishment of any tribunal invested with the functions of determining justly and fairly what indemnification is due to American interests. Moreover, there appears not the slightest indication that the separation of mineral rights from surface rights in a matter of public utility upon which the right of expropriation depends, according to the terms of the constitution itself. In the absence of the establishment of any procedure looking to the prevention of spoliation of American citizens, and in the absence of any assurance were such procedure established, that it would not uphold in defiance of international law and justice the arbitrary confiscations of Mexican authorities, it becomes the function of the Government of the United States most earnestly and respectfully to call the attention of the Mexican Government to the necessity which may arise to impel it to protect the property of its citizens in Mexico divested or injuriously affected by the decree above cited.

The investments of American citizens in the oil properties of Mexico have been made in reliance upon the good faith and justice of the Mexican Government and Mexican laws, and my Government can not believe that the enlightened Government of a neighboring Republic at peace and at a stage in its progress when the development of its resources so greatly depends on its maintaining good faith with investors and operators, whom it has virtually invited to spend their wealth and energy within its borders, will disregard its clear and just obligations toward them.

Acting under instructions, I have the honor to request your excellency to be good enough to lay before his excellency, the President of Mexico, this formal and solemn protest of the Government of the United States against the violation or infringement of legitimately acquired American private property rights involved in the enforcement of the said decree.

Accept, excellency, the renewed assurance of my highest consideration.

HENRY P. FLETCHER.

Mr. DOHENY. I did not intend, when I started in on this line of talk, to make an argument, but I merely intended to call attention to another plan of confiscation that has grown out of these decrees and article 27, which are existing menaces to the oil producers, and I will skip over this matter of the direct dispute between the oil men and our Government on the one hand with the Mexican Government on the other. I simply touch on that matter because it is one that even though this other dispute may remain unsettled for a long period of time—ought to be settled now because of its obvious injustice and its lack of any benefit to the Mexican Government.

After the decree of February 18, 1918, the Mexican Government adopted the policy of refusing a permit to drill to any company which had not filed these documents required by the decree of February 18th. And inasmuch as 95 per cent of the oil producers engaged in Mexico had refused to do the thing which would be an admission of the lack of ownership of their own properties, they were refused the right to drill upon those properties, and are still so refused. In a later communication from one of the Mexican authorities, I think Mr. Santaella, he asserts that the only reason why the American oil producers had been refused the right to drill was because they refused to obey Mexican laws. That statement on his part is an intentional falsehood. The American companies, with the consent and approval and at the suggestion of our own State Department, refused to file these manifestoes, which would have been an acknowledgment of the confiscation of their own properties. The decree which they disobeyed is not a law of Mexico. It is merely an illegal decree issued by President Carranza, which his best legal advisers tell him is illegal, because it is beyond his power to issue any

decree, under his extraordinary powers granted by Congress, except those that relate to matters connected with the department of finance, and this relates to matters connected with an entirely different department, that of Fomento.

In other words, the Mexican Government has attempted, by constitutional legislation, followed by decree, to obtain the surrender by the American petroleum producers of all of their rights in Mexico, and their acceptance in lieu thereof of some sort of a mining claim which would be more easily confiscated at some later date than those titles which they now have, because those which they now have are based upon a legal right and are held in such a way that they are entitled under international law to look to their own Government for the protection of such rights.

Failing to get them to surrender their properties willingly, they now refuse them the right to drill upon those lands. The refusal of the right to use a property, which you have the right to use, is certainly confiscation. That form of confiscation is being carried on to-day in Mexico, and, notwithstanding all their assurances that they do not intend to do anything to deprive Americans of their rights, there has been no attempt on the part of any Mexican official to explain why they have refused drilling rights to companies which they admit have the right to drill upon the land.

I do not of my own suggestion think of any other matter of which you might be willing to have me give some information, but I am ready to answer any questions that you see fit to submit to me.

Senator BRANDEGEE. I was going to ask you about this decree of April 2, which the stenographer took out.

Mr. DOHENY. The letter?

Senator BRANDEGEE. The letter by Mr. Fletcher.

Mr. DOHENY. Yes.

Senator BRANDEGEE. What ground did they take? I didn't have the opportunity to read it. Can you state substantially the position of our State Department?

Mr. DOHENY. Well, it took the ground that, under international law, the right of foreigners could not be set aside by mere legislation or the adoption of a new fundamental law, and that any act that led to that would be considered a sufficient ground for interposition. quoting exactly the words, I think, used by Secretary Bayard in a communication made to the Government of Peru during the presidency of Mr. Cleveland.

Senator BRANDEGEE. What was the reply of the Mexican Government to that representation of our own State Department? Is that in one of these books?

Mr. DOHENY. Yes, sir; I think it is.

Senator BRANDEGEE. Can that go in the record also?

Mr. DOHENY. I would like to submit a dossier we have made up, containing an immense amount of information collected by our attorneys on this subject. I am not familiar with the wording of these documents, nor with the purpose and intent of all of them, but if you desire I will have those portions marked with a pencil that I think you would be interested in.

Mr. WALKER. I made a mistake when I said the Government reply had been published. It has not been published. The United States

Government asked for permission to publish it, and although the Mexican Government published a United States note without permission they have refused the United States Government the permission to publish this reply.

Mr. DOHENY. Nevertheless, we have included a copy of it with these documents.

Mr. WALKER. No, sir.

Mr. DOHENY. I will see that the committee gets a copy. I will file a copy of it, because we have a copy.

Senator BRANDEGEE. If you file this document you speak of—

Mr. DOHENY. The reply from the Mexican Government?

Senator BRANDEGEE. Yes; and the other thing you referred to—  
dossier. I don't know what you mean by it; I suppose you used a Spanish word; but this tabulation by your counsel to which you have referred—then we can order any portion of it that we think proper to be put in the record.

Mr. DOHENY. I will have it marked so as to call your attention to the portions I think are explanatory. In fact, the whole thing really is a record of the actions that have been taken by our own Government, the Mexican Government, and by our association in connection with this entire dispute.

Senator BRANDEGEE. What is the quality of the oil produced in your field, as compared with that in the Texas and California fields?

Mr. DOHENY. There are many different kinds of oil produced in the California and Texas fields, but in Mexico up to date we have only two distinct classes of oil, and both of them are the heavy type of oil. The oil which was first developed and which is produced in the Pamico district is of very heavy Baumé gravity, 10° to 12° Baumé, is viscous, as thick as cold honey, is a very satisfactory fuel oil, produces a very fine quality of asphaltum, does not yield a high percentage of gasoline, and is not refined to any great extent.

The oil that is produced in regions farther south, commencing about 5 miles south of Tampico, is a much lighter oil, averages about 20° Baumé, yields about 12½ per cent gasoline, contains a considerable percentage of kerosene if refined, and its ultimate commercial product will yield a substantial percentage of lubricant and 2 or 3 per cent of paraffin. It is usually refined for the purpose of producing two commercial products, mainly—that is, gasoline and fuel oil—although quite a substantial percentage of kerosene is also taken out in refining. This lighter oil which I refer to contains a much larger percentage of gasoline than any other oil of the same gravity produced in the world. The average percentage of gasoline in the oil produced in California and Texas is 5 to 7 per cent, and, as I stated before, this Mexican oil yields about 12½ per cent.

Senator BRANDEGEE. What is the most valuable ingredient of the oil as it comes out from the ground?

Mr. DOHENY. The gasoline. The lubricants are not so valuable.

Senator BRANDEGEE. Would it be possible in a general way to state to quality of the oil you produce in Mexico? Is it better or inferior to that of Texas?

Mr. DOHENY. Well, the oils we produce in Mexico are less valuable than the Texas oils. That does not mean they are inferior, but they produce a smaller percentage of the more valuable commercial prod-

uct, such as gasoline, although they are much more valuable than some of the Texas oils. But the great production of the Ranger and other fields in northern Texas of light oils, carrying a higher percentage of gasoline, has raised the standard of the Texas oils from that of the very low standard that prevailed several years ago to among the best oils produced in the country.

Senator BRANDEGEE. I thought I remembered your stating yesterday, in regard to some oil that you got out in Mexico, that it took four and a half barrels of oil to equal in efficiency 1 ton of coal.

Mr. DOHENY. I said three and one-half.

Senator BRANDEGEE. I understood you to say a little while ago, referring to some oil used by the English, or some report made by them, that one barrel of oil was equal to 2 tons of coal.

Mr. DOHENY. One ton of oil is equal to 2 tons of coal.

The English speak of all fuel by the ton. As a matter of fact, during the war all the oils that were sold on that side were sold by the ton for export to the war zone. It is not a bad way to speak of oil where it is used for consumption in transportation, because the weight of the fuel has quite as much to do with its value, where it is carried a long distance, as the cost of it. This is not a direct answer to your question, but it contains some information as to why oil is more valuable as green fuel than as fuel under a stationary boiler, because the further oil is carried, as compared with coal, the cheaper it is. It takes 2 tons of coal to do the work of 1 ton of oil. That takes the place of a ton of freight which might be earning something, or if you look at it in another way, the same bunker space or the same tonnage capacity will carry a ship to its port of destination and back, where you would have to take coal at both ends of the voyage.

Senator BRANDEGEE. How many barrels of oil will it take to weigh a ton?

Mr. DOHENY. Approximately seven barrels. That depends on whether you use the United States ton of 2,000 pounds, the metric ton of 2,204 pounds, or the English ton of 2,240 pounds. The weight of oil is a little less than that of water—the weight of fuel oil.

I might suggest that, in order to put before the United States Government and the people of the United States an unprejudiced study of the entire Mexican situation, at the suggestion of a prominent New Yorker, four years ago I authorized him to organize for me a committee of 12 college presidents to take up the study of Mexico, in the interests of humanity and of Mexico and the United States, and to report to the President of the United States, and have the report published in book form. I never learned the names of those gentlemen, although I put up nearly \$20,000 to meet the expenses which they were incurring.

I am mentioning this, not for the purpose of exalting myself as a giver of money for eleemosynary purposes, nor for the purpose of advertising myself as a man whose name ought to read "E. Z." instead of "E. L." but merely for the purpose of calling attention to the facts that there are people interested in Mexico who are also interested in an impartial and unprejudiced report of the conditions there by men qualified to make such a report, and which would be dignified by the character of the men themselves. And I was

gratified to learn yesterday that among the gentlemen operating on that committee was Prof. Winton, who testified here.

Senator BRANDEGEE. Is the committee operating yet?

Mr. DOHENY. No. They dropped it, and I will explain why, because Prof. Winton did not seem to know. The committee was organized with Prof. Dabney, of the University of Ohio, I think, as chairman. I named one or two members of the committee myself, and one of the two I named could not act. I named Bishop Conaty, of Los Angeles, and also Dr. Norman Bridge, the treasurer of our companies. The other names I will secure for you and place in the record, because I am proud to have been associated, even though very indirectly, with these men.

Senator BRANDEGEE. You were about to state why they dropped it.

Mr. DOHENY. They had several meetings. I think Prof. Winton made a report to them last year on knowledge he already had about Mexico.

The CHAIRMAN. Yes, sir; he called our attention to that.

Senator BRANDEGEE. I will not bother you about that.

Mr. DOHENY. It was not stated before. Prof. Winton didn't know. The work was carried on for several months, but it was being carried on while I was in Europe. I went over there after the war commenced and was there during the months of March and April, and while I was gone they had their meetings. When I came back I arranged with them to go through Mexico, and I attempted to arrange to get transportation facilities so they could go where they wished.

At that time there were two armed forces in Mexico opposing each other, it seemed, with nearly equal chances of success, and the Government of the United States had already made some overtures to them to lay down their arms and get together with representatives of South American countries and of the United States and arrive at some satisfactory settlement of the Mexican situation. The two leaders at that time were Francisco Villa and Venustiano Carranza. They were joint leaders of the constitutionalist forces against Huerta, and disagreed later on. At that time Villa held a portion of northern Mexico, and had advanced as far south as Mexico City and had placed the president that he favored in charge in Mexico City.

The Carranza forces were badly scattered. Gen. Obregon was somewhere in Hidalgo or Vera Cruz, and Gen. Carranza was at Vera Cruz, on the island of San Juan de Ulloa.

I attempted to get what is called in Mexico a safe conduct for these gentlemen through northern Mexico, and I was told by people in communication with Villa that that would be granted throughout his territory. I endeavored to get it, through a representative I had in Vera Cruz, from Gen. Carranza, but he would not grant it. Nevertheless, we intended to endeavor to make the trip, but about the time they were ready to go a battle took place between Gen. Obregon, who was returning to his home in southern Mexico, and the forces of Villa in the town of Silao, which resulted in the defeat of Villa, the scattering of his forces over northern Mexico, and the demoralization of transportation facilities to such an extent that the people who headed the organization made up their minds, with me, that it was not wise at that particular time to undertake a study

of the situation, because it would have to be made under such unfavorable auspices. So it was dropped.

Later on, about two years ago, another gentleman who knew about the effort that I had made to have this carried out came to me and suggested that he was willing to take up the work and make a study of the Mexican situation. After giving it full consideration I told him I was willing to devote up to \$100,000 for the purpose of making the study, as he unfolded the plan to me. I wrote him a letter of authority, a copy of which I will place in the record later on. I haven't it with me. I actually expended to date nearly \$120,000, and the work is not yet completed.

But I have got with me a statement of the names of the men who were engaged in it, and I will file this list, so the stenographer need not take down the names, just for the purpose of showing you what the work was and that it was not propaganda work, nor anti-Carranza work, nor intervention work.

(The list above referred to is as follows:)

DOHENY RESEARCH FOUNDATION—LIST OF PERSONS ENGAGED IN GATHERING MATERIAL, GIVING SOMEWHAT SPECIAL ATTENTION TO SUBJECT OPPOSITE TO HIS OR HER NAME.

Percy Martin, Stanford University, California	Labor.
Theodore Macklin, University of Wisconsin	Agriculture.
Robert Cleland, Occidental College, California	Mining.
F. W. Powell, Columbia University, New York	Transportation.
W. W. Cumberland, University of Minnesota	Manufacturing.
Isaac J. Cox, Northwestern University	Education.
Harry A. Bard, formerly commissioner of education, Peru	Education.
Arthur N. Young, Princeton University	Public finance.
W. F. McCaleb, Chicago University	Banking.
Chester Lloyd Jones, University of Wisconsin	Commerce.
Julius Klein, Harvard University	Commerce.
George Winfield Scott, formerly of Columbia University	Foreign relations.
W. L. Blair, journalist	Government.
H. I. Priestly, University of California	Government.
Albert Noel, journalist	Public health.
James Robertson, Latin American Division, Department of Commerce	Public health.
Wallace Thompson, journalist	Social conditions.
Miss Ida A. Tourtellot, Hampton Institute, Virginia	Social conditions.

These are the people who gathered the material, and gathered it in some way I know nothing about. I have had detached accounts occasionally that this, that, or the other man had gone into Mexico, with a passport or without a passport. Most of them were refused passports by Mr. Bonillas, the minister from Mexico, because it was the work of somebody they had determined to make an enemy of. The parties in power in Mexico had determined to make an enemy of me on account of my success, and I want that to go in the record. They have tried to prevent me from doing the things I would like to do to help out those people down there, and for whom I lay down to no man in desire to give assistance, both as a friend of humanity and a friend of the people who have always been friends of mine. There were 78,000 pages, more or less, of matter gathered by these men. This is a list of the people who were engaged in research and foundation work, and I don't suppose I have met 10 of the men engaged in it. I don't know what they have done. The work has not been completed. So, good or bad, it has not done much harm to

Mexico and has not accomplished much in the way of bringing about intervention, if that was its purpose.

The CHAIRMAN. That was not its purpose in any sense.

Mr. DOHENY. Absolutely not. This is the list:

DOHENY RESEARCH FOUNDATION.

LIST OF PERSONS ENGAGED IN INTERPRETING MATERIAL, GIVING SPECIAL ATTENTION TO SUBJECTS OPPOSITE THEIR NAMES.

Elwood Meade, University of California-----	Irrigation.
Frank Probert, University of California-----	Mining.
Victor S. Clark, editorial staff Atlantic Monthly and Living Age-----	Manufacturing and commerce.
W. E. Dunn, University of Texas-----	Banking.
W. T. Sedgwick, director School Public Health, main- tained jointly by Massachusetts School of Technology and Harvard Medical School-----	Public health.

LIST OF PERSONS COMPOSING STAFF OF RESEARCH ASSISTANTS, TRANSLATORS, AND COMPUTERS IN VERY FINE DOUBTFUL POINTS.

Herbert Thompson.  
W. L. Blair.  
Fercy Martin.  
W. W. McEuen.  
H. H. Havermale.

J. M. Butterfield.  
A. L. Tays.  
Livingston Porter.  
Franklin Schneider.  
Albert Noel.

Senator BRANDEGEE. I want to ask you a question about oil. How long is it possible to store oil?

Mr. DOHENY. Oil loses its value by evaporation from month to month, if it is stored, but it can be stored indefinitely with that constantly changing condition.

In regard to this "Doheny Research Foundation," I want to say that after having presented the letter, by the terms of which I authorized the work to go on, to the president of the University of California, that university kindly allowed them space in their building and many facilities of their institution for carrying on the work. I just received a letter, sent to me to London, from President Benjamin Ide Wheeler, of the University of California. This just came to me last night, and I would like to read it as showing the opinion which he has of the work of this research foundation, and which, of course, is information to me, because I never followed the progress of the work and did not know what they were doing.

(The letter referred to is here copied in full as follows:)

UNIVERSITY OF CALIFORNIA,  
126 University Library, Berkeley, July 21, 1919.

MY DEAR MR. DOHENY.: Now that we have created a full year of experience in the workings of the Mexican Commission founded and developed by you, I want to express to you my appreciation of the success which has attended the undertaking. It was evidently a venture. You were undertaking something toward which you could only grope. There was a lack of definite data regarding similar undertakings. I doubt if there had been any such a plan. You were willing, however, to go ahead and take the initiative. The university seconded your endeavors by giving you shelter. The value of the academic shelter is not to be underestimated. It means on the whole an assurance that inquiries conducted under the name of the university shall be disinterested and fair to all parties and points of view. Universities frequently make mistakes

like other institutions, but they have the interesting quality of scientific disinterestedness. At least that is so for most of the time and for most people.

Really the best assurance of disinterested inquiry rests with the character of the men employed by the commission. This commission has, in matter of fact, been made up of excellent men, upright, and honest, and able. It is evidently of great importance for the United States to get on well with Mexico. The only way for the two parties to get on together is for them each to understand the other—to know exactly where the difficulty lies and what the need is. The only way to get at that is through scientific enquiry on a scientific basis with a scientific goal. I reckon also with the consideration that we must bring this scientifically developed matter to public attention and public understanding. A considerable variety of publications will be necessary in order to bring the material fact fully and effectively to the attention and the knowledge of the two communities. It will not only be necessary to publish scientific pamphlets and scientific books, but there must be tracts and pamphlets which appeal to the public interest—which get a hearing and stir the hearing into reasonable and sensible action. I think your Commission has made a good beginning. So far as I can now see it promises well for the future. Nothing can defeat its purposes unless it discloses itself as apparently devoted to some kind of propaganda or as having an “ax to grind.” There are frequent inquiries made as to what the purposes of the commission are, and it would be undoubtedly easy to make a mistake. There is no safety except in absolute scientific disinterestedness. So far as I have been able to see nothing has been done that could impair the claims of the commission to scientific honesty. I believe it is our duty to go steadily ahead on the path we have been going and continue on earning a good name. I congratulate you on the work you have been able to do. It seems to me altogether worth while.

Very faithfully, yours,

BENJ. IDE WHEELER.

E. L. DOHENY, Esq.,

*Care William Salomon & Co., London, England.*

Mr. DOHENY. I would like to put this letter in for the benefit of those who may care to read this testimony.

The CHAIRMAN. It will be placed in the testimony following the list of names.

Mr. DOHENY. In other words, I would like to show the attitude of the oil people toward the people of Mexico, and to show we have not been unmindful of the needs of those people down there, as well as the rights of our own stockholders. When I first became acquainted in Mexico I became very well acquainted with a gentleman who was our second attorney, Mr. Joaquin De Casasus. We had to dispense with our first attorney, because he had to choose between the railroad company, whom he had for a long time represented, and our oil company, which had so recently become his client, because of the contract and threatened lawsuit which existed between them. So Mr. Casasus became our attorney and my very warm friend.

I ventured one day to say to him, in a moment of generosity, that I would like to have the opportunity of doing some good in the way of developing the best instincts of and of educating the people who were in our employ and who lived in our vicinity of the Huasteca region. I asked him if he would request his wife and ask Secretary Lemantour if he would request his wife, to become the sponsors for an academy I would establish at Ebano, or Chijol, or some other suitable place to be selected by us jointly, for the education of the children of those who worked for us as well as those who might care to come from more distant localities. I offered to place at their disposal, for the purpose of carrying on this education, \$50,000. I asked them to furnish us with the teachers and to be sponsors for



the school, so we could not be accused of doing something contrary to the laws of Mexico. That was submitted to Mr. Limantour in my presence by Mr. Casasus. It was acknowledged, and I never heard another word about it.

Years later, when Mr. Madero came into power, I told Mr. Madero of my desire to do something to start an educational institution on our property, or near it, at some suitable point, to develop a technical and agricultural school. I told him of the developments we had made which justified now a larger institution than the one I had talked of to Mr. Casasus, and I suggested that one of the healthiest places on our property, a place called Chijol, would be suitable, and that I would get our company to grant a thousand or more acres of land, or hectares of land, if that amount were needed, and we would start an institution there for the training of Mexicans of any age who might desire to learn agriculture; that we would build machine shops and other places needed to do the work in the oil camps and educate the young men and give them technical training.

I offered to contribute for that purpose \$500,000. I made the offer again later on through Mr. Calero, who had been the minister of foreign relations for Madero and who was at that time ambassador to the United States. Mr. Calero promised me to take it up with Mr. Madero and see if a law could not be framed that would permit of the organization of such an institution and to have for its control such trustees as might be selected to see that the money was properly used.

The death of Mr. Madero the next spring prevented that from being carried on.

I just mention those as incidents to show the feeling which our company has always had toward the people among whom we were doing business since nearly 20 years ago.

**Senator BRANDEGEE.** Was this to be a free academy?

**Mr. DOHENY.** A free academy; yes, sir.

**The CHAIRMAN.** You have, however, carried on the schools, the photographs of which you showed here this morning?

**Mr. DOHENY.** We have carried them on at our own expense with competent teachers and they are training a large number of pupils. They are not public schools, but they are open to the public; they are privately maintained, but open to the public.

Here are some more photographs showing how the people live down there. I would like to place these on file to show we take care of our employees [handing photographs to the chairman].

**The CHAIRMAN.** They are very instructive.

**Mr. DOHENY.** These show the homes of the peons.

**The CHAIRMAN.** What rent do you charge your employees for those houses?

**Mr. DOHENY.** I am afraid I could not answer that.

**Mr. WALKER.** Nothing, Mr. Doheny.

**Mr. DOHENY.** I am perfectly willing to answer that under oath, on account of the source of the information.

**The CHAIRMAN.** What is the source of their water supply?

**Mr. DOHENY.** We bring the water through a steel pipe line a distance of about 45 miles—or we did bring it that distance. Now we have developed some water about 4 or 5 miles away, good, clean well water, and they have baths and hydrants in their houses just exactly

the same as the Americans have. Their source of supply of water is the same. Their ice is from the same place; their food is of the same quality, and their houses are inspected for sanitary purposes by our health officers.

The CHAIRMAN. What do they pay for water; do you know?

Mr. DOHENY. They pay nothing for water, nothing for light, nothing for fuel of any sort. I am quite sure that is true—I do not testify as to this under oath, but I am quite sure this is true as to every oil company operating in the Huasteca region—as to every American company, and the others, too, I think.

The CHAIRMAN. Mr. Doheny, you said you would see that the committee had a copy of the reply of Gen. Carranza to the note of Mr. Lansing. Would you care to give us in general words from your memory the purport of that reply, or do you prefer to wait until you can furnish us with a copy of the letter?

Mr. DOHENY. I think you would get it more nearly correct if Mr. Walker were to give it. Mr. Walker has been our representative here before the State Department in connection with all these matters, and I think his memory would be better as to the language of that letter.

Do you chance to remember it, Mr. Walker?

Mr. WALKER. I remember the purport of it.

Mr. DOHENY. Only the purport?

Mr. WALKER. Yes.

The CHAIRMAN. We will take that subject up later.

Mr. Doheny, you spoke of the increase in your taxes within a year, something about the percentage of increase being approximately 800. Is that simply a tax to the regular Government paid through governmental channels?

Mr. DOHENY. Yes, sir.

The CHAIRMAN. Did it include any other expense connected with your properties there?

Mr. DOHENY. No, sir. I think those other expenses are carried to "General expenses" if I remember rightly.

The CHAIRMAN. What are the other expenses? I do not mean in amount, but what is the occasion for them?

Mr. DOHENY. With the advent of the first revolutionary forces into the Huasteca region came the occupation of the oil territory by an opposing force to that which occupied the harbor of Tampico, and at the time that the Huerta forces, or Federals, were in charge of Tampico, the surrounding country was quickly occupied by what were called Constitutionalist, who were opposing Huerta, and were supposed to be following out the ideas of Madero and were determined to oppose the usurpation of Madero's power by one of his generals—Huerta.

The first demand upon us for the payment of taxes or contributions, or whatever they might be called, was from a general of the Constitutionalist Army who had organized a force in Vera Cruz, and who had come up from central Vera Cruz toward Tampico, and had located near Tuxpan. He sent word to Mr. Walker or Mr. Green, our superintendent, that he must pay \$50,000 (pesos) under penalty of being prevented from shipping oil from our properties.

The CHAIRMAN. At that time were you paying taxes to the Huerta government on your oil shipments?

Mr. DOHENY. Up to that time we had been paying; but right there there are two subjects that really might be discussed at the same time. In reply to your last question, I will say that as soon as our Government turned its back on Huerta and refused to recognize him, we refused to pay him any more taxes. Up to that time we paid taxes to Huerta. This other man, being merely a revolutionist who was opposed to Huerta, and at that time not, so far as we knew, connected with any other particular revolutionist, we hesitated to pay anything to him.

The CHAIRMAN. He was in charge of the oil fields where your oil wells were?

Mr. DOHENY. He was located near the oil fields at that time.

The CHAIRMAN. He was not in Tampico itself?

Mr. DOHENY. No, sir; he was outside of Tampico, about 100 miles south. His name was Gen. Candido Aguilar.

The CHAIRMAN. Was he the same Candido Aguilar who was in the city of Washington recently?

Mr. DOHENY. Yes, sir; the same man. He was at that time a self-appointed general of forces he had collected in central Vera Cruz, and was what might be called at present a rebel or a revolutionist or a bandit, if you please. Those names are all interchangeable in the country at the present time.

Let me make a correction. I was mistaken in the amount that he demanded. It was \$10,000.

The CHAIRMAN. If you have a memorandum there, you can, of course, refresh your memory from it.

Mr. DOHENY. That money was paid to him, or part of it, by Mr. Walker, who went to Tuxpam for that purpose, thereby risking his life in order to save our properties, and with the knowledge and consent and after consulting John Lind, the United States presidential representative in Mexico, through the American consul at Vera Cruz.

That was the first contribution which we ever made to other than the government in authority at Tampico.

The CHAIRMAN. That was to Candido Aguilar?

Mr. DOHENY. Yes, sir.

The next contribution which we made—and, by the way, this is connected with our refusal to pay taxes to Huerta—was to Gen. Carranfia, through Felicitas Villareal and Rafael Zubaran y Capmany. Mr. Walker was living in the City of Mexico at that time as our representative there, and the Huerta or Federal officials were in power in that city. They demanded of Mr. Walker that he pay the taxes which we had failed to pay upon oil exported, but on advices from me he refused. Finally his life was threatened. He was threatened with arrest, imprisonment, and execution by the treasurer of Mexico if he did not pay the tax. So I advised him by cable to make a draft for \$100,000 in favor of the Huerta treasury and then get out of Mexico, which he did, coming down to Vera Cruz. I immediately stopped payment on the draft, on the theory that it was obtained under duress by a government which our Government refused to recognize, and we were not in honor or in any other way bound to pay it. Luckily for Mr. Walker, our troops had just taken Vera Cruz, so when he got to Vera Cruz he was at home.

But what I am going to state now is for the purpose of showing how we acted toward the Constitutionalist forces which at that time were headed by the present President of Mexico—Venustiano Carranza. I sought out his representative, Felicitas Villareal, who was the treasurer of the Constitutionalists, and Rafael Zubaran y Capmany. I told them of our refusal to pay taxes to Huerta and said that if they would give me their promise that if that draft came into their hands after they captured the City of Mexico they would return it to us and not present it for collection I would now pay them the amount of the draft in money, in New York, so that they could use it for the purpose of helping to finance their needs. I paid the cash and Dr. Bridge was with me in the Hotel Belmont in the city of New York. I also sent to see Señor Carranza, our attorney, or one of our attorneys, a man named Pedro Rendon, whose brother was the first man sacrificed by Huerta. I told him to assure Gen. Carranza of our friendship toward the cause of the Constitutionalists and of our refusal to pay taxes to Huerta and of our desire to act in accord with our own Government's attitude in connection with Mexico, and to tell him that if they needed fuel of any sort we would be glad to furnish them the fuel, keeping an account of it, and that we would refuse to pay taxes to Huerta, and that some time later when he came into authority we could adjust the matters and strike a balance as to the account against us for oil taxes and the amount which we might have charged against them for fuel oil delivered under our contract with the National Railways of Mexico.

This arrangement he agreed to and we carried it out to the extent of a credit to the Mexican Government of \$685,000 and a charge against ourselves for taxes of \$662,000. These figures are not exactly correct, but they are approximately correct.

About that time the situation had changed greatly. Huerta had resigned and left Mexico. Gen. Carranza and Villa had become estranged from each other. Carranza was living in Vera Cruz and Villa in some other part of Mexico.

When a representative from Mr. Carranza, the first chief of the Constitutionalist forces, arrived in Tampico with an account submitted by us to them of oils exported and a demand for the payment of the \$662,000, of course, our representatives at Tampico were very much surprised, because they knew that the balance in our accounts with them were in their favor.

Nevertheless, he insisted upon our payment. Cablegrams were exchanged between our general superintendent in Mexico and myself. I instructed him not to pay. They threatened to detain our ships, but I continued to insist that he should not pay. Our ships were actually detained. An embargo was placed upon their movement. I telegraphed to Mr. Walker, who was spending New Year's Day with his family in the States on a vacation from Mexico, to immediately proceed to Galveston, where I would send to him a statement of our accounts against the Carranza Government with a copy of the draft which I had paid to Felicitas Villareal and Señor Zubaran y Capmany, and that he should go to Tampico and get such other evidences of our account against the Constitutionalists and of our indebtedness to them and proceed to Vera Cruz and get the account O. K'd by Señor Carranza.

I had a little yacht at that time as to which, by the way, I will take the liberty, if you will allow me, of placing its history in this record. It was a yacht called *Wakival I*, which I purchased and sent down to Mexico to remain in the port of Tampico under a full head of steam so as to be a haven of refuge to any of our employees who might be compelled to seek shelter because of the strained relations between the United States and Mexico.

I kept that yacht there under a full head of steam, using it occasionally for traveling to Texas across the Gulf, until the time I speak of, when I cabled to have it sent for Mr. Walker's use to Galveston. He attempted to go into Tampico on the yacht in a heavy norther, and left it on the outer end of the south jetty, where what is left of its skeleton still remains. He escaped with his life, got a tugboat, and went down to Vera Cruz. He presented evidence which I had sent to him and which he collected in Tampico, to Mr. Carranza, and got the release of our tank steamers; but in the meantime, I must say, in justice to the State Department, that we had never up to that time asked for any aid or assistance or protection or interposition on the part of our Government, but I did then cable to our attorney, Mr. F. R. Kellogg, of Morristown, N. J., asking him to come to Washington and see Secretary Bryan about this matter.

A cable was sent to Mr. Carranza, signed by Mr. Bryan and by the late Sir Cecil Spring-Rice, who was British ambassador at that time to the United States.

As result of that cable the embargo was immediately lifted from our steamers, and as result of Mr. Walker's conversation with Senor Carranza an order was given to settle our account with the Government on the basis of our statement of the difference between us.

This is merely one of a hundred or more incidents which show the checkered career of a company doing business outside of the boundaries of its own country, and is given merely for the reason that it shows the attitude of our company toward the Constitutionalist forces when they were in need of help.

So far as we know, every American corporation doing business in Mexico extended sympathy or aid, or both—and we extended both—to Carranza from the time that President Wilson turned his back on Huerta. We were true to our own Government, and because of that were friendly and of aid to the Carranza Government.

The CHAIRMAN. Is the Carranza Government now in control of the oil fields near Tampico?

Mr. DOHENY. The Carranza Government, I believe, is in control of some of the oil fields. I read in the paper this morning that the Carranza forces had defeated the forces of Pelaez in the Tampico district, and I know that some of the forces are stationed on some of our properties farther south in what we call the Huasteca district. But outside of the immediate camps of the Carranzistas the country is held by a force under a local landowner whose name is Pelaez. He is one of the owners of properties leased to, some years ago, and which are still operated by the Mexican Eagle Co., which was then Lord Cowdray's company, and now is controlled by the "Royal Dutch."

This man Pelaez has an organized force of some numbers, and has held possession of a large portion of the country for the last

two years. I think his force was organized at about the promulgation of the constitution in 1917 and in opposition to that constitution. He calls himself the only constitutionalist there is in Mexico, because he adheres to the constitution of 1857.

He was in a position to and did prevent us from shipping oil from our southern properties, from Casiano and Cerro Azul. He cut our pipe line three times between Casiano and Cerro Azul. His men threatened to kill our employees if they repaired it again. Not being desirous, however, of killing our employees, he decided on a plan of taking away a part of one of our pumps, which absolutely prevented the passage of the oil beyond that station. He held that until we agreed not to restore the pipe line nor to ship any oil until we paid him a tribute. I do not remember the exact date—Mr. Walker can probably give it—that I first received information that he demanded of us tribute for protection.

Senator BRANDEGEE. Protection against himself?

Mr. DOHENY. Against anybody.

I received the following radiogram from my steam yacht, my present yacht, *Casiano*. I may say as apology for owning a yacht, that I have owned a yacht, one or another, for seven years, and I have occupied one for just two months—so I am not guilty of being a yachtsman. I am just merely the owner of a yacht, because it was necessary to have one to bring Americans whose lives were threatened, out of Mexico, and we brought the little yacht there, at the time of the invasion of Vera Cruz, and at the time that Nafaratte declared war against the United States, and we brought out 192 on the yacht and an amount totaling 900 on our tank steamers, so that our presence in the harbor has been a source of safety or an immense amount of mental relief to a large number of Americans who took advantage of the offers we made to go to the States when these dangers threatened them. I really think their lives were saved, because I think their continued presence there would have caused a general massacre.

This last yacht that I have and which I am now using as a residence in the harbor of New York, has a wireless apparatus, as did the first one; and I had sent me on the 4th of February, 1916, the following radiogram:

Pelaez's forces again control Huasteca. He has sent us notice as follows: "I have assigned to Huasteca Petroleum Co. the sum of \$30,000 every month, which should be paid without any excuse from January 1, 1916. In case the company should refuse to comply with this disposition we will proceed to stop all the work on the exportation of oil and also to advise the employees of the company to leave the different camps." First paragraph of notice states he has given protection to companies in his zone for past 16 months without their paying anything for its support. Therefore each company will have to pay hereafter, and we are taxed thirty thousand or fifteen hundred gold at present. Don't know what Aguila or Penn Mex are taxed. Latter camp looted on first stop. My fear is danger from other side if we pay, as Pelaez is now an outlaw, but Carranza unable or unwilling drive Pelaez out permanently. Also Pelaez now desperate and apt to take vengeance on Americans. Believe advisable shut down all developments for present until we are guaranteed protection from Washington. Have told Flick and Green we will pay, if necessary. Will wire you full text communication from Galveston to-morrow, as believe matter should be taken up with Washington. Matter could be easily disposed of if present Government had not been recognized. Due Galveston early to-morrow. Would like return Sunday as payment due 10th.

That was sent by wireless from the yacht. It could not be sent from the telegraph office in Mexico; it had to be sent from the yacht by radiogram, because if it were put on the wires there it would immediately have come to the attention of the Carranza authorities and our people would have been imprisoned. This is from our general manager, Mr. Wylie:

Walker and I have discussed your message from yacht. Do not believe we can do other than pay Pelaez. Not in favor of abandoning camp and anxious to get new developments soon as possible. Sending your message to Doheny at Los Angeles and waiting reply.

Another, sent by Paddleford from Galveston. He says:

Arrived ashore 10.30 this morning. Am wiring Doheny full copy Pelaez communication. Fully agree with you and Walker that Pelaez will have to be paid. My only anxiety is that Washington should know facts, so that in case of reprisal by other people we will have our Government back of us. Believe Pelaez will be driven out before March 1, and think Washington should insist that Carranza leave enough forces in the field to keep Pelaez out. Otherwise bringing in big well places us in precarious condition. Getting clearance for yacht to return to-morrow.

That was sent just before we brought in our big well which I told you about this morning, which yielded 250,000 barrels a day.

I call particular attention to this because, so far as our being the advocates and supporters of Pelaez, as charged in the newspapers and by Cabrera, in the Mexican congress, we were insisting that Carranza should keep force enough there so as to keep Pelaez out. And, of course, he could not do it, and has not done it up to date.

This is a communication giving further information on the question of the demand of Pelaez:

Following full text Pelaez communication: "The General this day wrote me as follows: 'To the representative of the Huasteca Petroleum Co. in Cerro Azul: Please go to Cerro Azul Camp to-day and notify the Huasteca Petroleum Co. that in view of the fact that for one year and four months the forces under my orders have given ample protection to the different companies that are located in the zone controlled by my forces without paying any contribution to their support, and that the said companies have been paying big sums to the cause of the Constitutionalist Government, I have thought it best, in order to save the poorer classes of people from suffering any damage that the said companies contribute every month to the support of said forces, I have assigned to the Huasteca Petroleum Co. the sum of 30,000 pesos every month, which should be paid without any excuse, from the 1st of January, 1916.

"Please notify the company that the amount that is already due should be paid on the 10th of this month, and in future payments should be made the last day of every month. In case the company should refuse to comply with this disposition we will proceed to stop all the work on the exportation of oil and also to advise the employees of the company to leave the different camps.

"This for your information.

"Reform, liberty, justice, and law.

"Cerro Zul, *February 1, 1916.*

"The colonial chief of the column.

"(Signed) D. MARTINEZ HERRERA." PADDLEFORD.

Those messages were always formal. They were not merely "Hands up"; they wrote them in the most formal way, as though they were decrees from a court.

I then wired Wylie to New York, as follows:

Just received yours from Paddleford. Please instruct him to pay the fifteen hundred monthly under duress until further notice or until no duress exists. We can not afford either to shut down or to oppose such demands. If Walker can call attention of minister quietly believe no harm would be done. Otherwise, not advisable under existing circumstances.

I decided what amount we would pay and did not leave it to him, and I decided on \$1,500. Then this telegram to Paddleford by Walker:

Your telegrams regarding Pelaez. Am going Washington to-night to show whole file to Lansing file to Arredondo. Thoroughly appreciate your attitude and believe frank statement our position most beneficial to company from both viewpoints.

Mr. Walker received the following message from Wylie, our general manager:

Doheny wires you he expects leave Los Angeles Wednesday en route Tampico. Wants know if you will meet him Galveston. Says will wire date later.

Then this telegram from Wylie to Walker:

Doheny asks that you communicate with him the result of your various interviews regarding Paddleford's business. Paddleford delighted with your wire.

The telegram that I read before comes after that:

Doheny wires you he expects leave Los Angeles Wednesday en route Tampico. Wants know if you will meet him Galveston. Says will wire date later.

Now, that file contains evidence, such as it is, of the communications which passed between the officials of our company relative to the first demand made by the revolutionist or bandit that they called Gen. Pelaez. I instructed Mr. Walker to go to Washington, see our State Department, make a statement of the situation, go to Arredondo, and tell Mr. Arredondo what the situation was, and get the opinion of both as to what they thought we ought to do, but at the same time tell them that we expected to comply with this of our own election, because we were the best judges of what we ought to do to save our own property.

So I am telling this secondhand now. If you like, later on, you can put Mr. Walker on the stand to corroborate it or change it.

Mr. Walker reported to me that he went to the State Department and saw Mr. Lansing or Mr. Polk, stated the situation to them, and that he was going to put the matter up to Arredondo, and that they advised him that we should use our own best judgment; but they did not advise him that we were doing anything that should subject us to blame or criticism or criminal charge if we were to pay this money as demanded. Mr. Walker says he went to see Arredondo and told Arredondo what the facts were, and that Arredondo at first objected to the payment of it, and that Walker called his attention, as we had agreed he would, to the fact that we were paying to the Carranza Government at that time something like 60,000 pesos per month in taxes, and that that would be cut off by the action of Pelaez if we did not pay Pelaez the least amount he would be willing to take; and Arredondo agreed that it was a good thing for Carranza to have this money paid by us to Pelaez so as not to cut off the revenue he was getting. So that he was in the same boat with us. His revenue would be cut off if our revenue was cut off. And Mr. Walker and Arredondo agreed it was a good thing to do.

So Arredondo, the representative of Carranza, and through him Gen. Carranza, and through him his Government, was responsible. was a party to the payment of the first money to Pelaez, the beginning of this tribute; and we have never made a payment since that has not been known; and the fact that we have been obliged to make



payments since, in increasing sums, has been known to Carranza, who now charges us with supporting rebels by paying these amounts to protect his revenue and protect our oil property.

Senator BRANDEGEE. What do you mean by saying something about never having made a payment since?

Mr. DOHENY. I say we have never made a payment since that was not made with their knowledge.

The CHAIRMAN. Has our State Department been aware of the fact that you have been making payments to Pelaez?

Mr. DOHENY. Yes; not only aware of it, but so far as they could, without giving it in writing, they have approved of it.

Here is a communication which is better evidence of what I am stating than merely my verbal statement. This is a communication sent by Mr. Walker to the State Department November 5, 1917, addressed to the Hon. Frank L. Polk, counselor for the State Department:

MY DEAR MR. POLK: In view of the recent reported statement of Deputy Luis Cabrera in the Mexican Congress, to the effect that the Huasteca Petroleum Co. has been voluntarily furnishing arms and munitions and paying tribute to rebel factions under mere pretense of fear or damage to properties and employees, we believe it essential to send you inclosed detailed memorandum denying the accusation and stating the actual experience of our company from the beginning of disorders in the oil fields, bearing on depredations and payments of forced tribute.

I believe that the files of the State Department contain record of every statement made in the adjoined memorandum.

I have the honor to remain, my dear Mr. Polk,

Your obedient servant,

H. WALKER,

*For the Huasteca Petroleum Co.*

The memorandum of facts presented by Mr. Walker to Mr. Polk with that letter is as follows:

#### MEMORANDUM OF FACTS PRESENTED BY THE HUASTECA PETROLEUM CO.

##### MATTER OF PAYMENT OF TRIBUTES TO MEXICAN FACTIONS EXERCISING DE FACTO CONTROL—FURNISHING OF ARMS AND MUNITIONS.

The Mexico City press reports that on October 17 Deputy Luis Cabrera, in a speech in the Chamber of Deputies, stated that the Huasteca Petroleum Co. (American) and a British petroleum company had been and are voluntarily lending support to armed rebellion in the oil fields, furnishing supplies and munitions. The facts are:

(1) During the past seven years of turbulence in Mexico all industries have been exposed to "forced loans," double taxation and seizure of supplies by armed bands in temporary control of the producing districts.

(2) American industrial concerns have been advised by American representatives, including Messrs. John Lind and John R. Silliman, to pay taxes to whatever party was in de facto armed control of the district in question.

(3) Certain American industries in Mexico like mines, smelters, factories and farms, when subjected to threat of violence for not complying with demands of armed forces for money or supplies, could abandon their properties with loss only of time and temporary production, and did so abandon them.

(4) Producing oil fields in Mexico can not be so abandoned. Wells can not be safely stopped. The oil must be continuously pumped away from the wells, or catastrophes of world-wide import result. It is therefore necessary for oil-producing companies in Mexico to continue pumping at all costs. This has made the oil fields a fruitful source of local levies.

(5) The experience of the Huasteca Petroleum Co. in this regard, of which record exists in the State Department, has been—

Under the de facto President Huerta:

(6) On May 15, 1913, Constitutionalist General Larraga, appearing in Ebano, San Luis Potosí, at the camp of the Mexican Petroleum Co., an allied concern,

with a force of 200 troops. He arrested the superintendent, took such supplies as he needed, made a forced loan of \$5,000, and went away with all the rifles in camp, which rifles the company had secured for "protection" at the request of Hon. Ernesto Madero, Minister of Finance, under President Madero.

(7) In October, 1913, the Huerta Government, through a packed and spurious supreme court, imposed a fine of \$400,000 United States currency on the company, and threatened stoppage of operations in case of nonpayment. The company, through its representatives in Mexico, having in mind the policy of financial blockade then followed by the American Government, referred the question of paying this fine to the Hon. John Lind, personal representative of the President of the United States. On Mr. Lind's request to resist payment of this imposed "fine," the Huasteca Petroleum Co. did resist, at the risk of the destruction of its business and at the jeopardy of the liberty of its officials in Mexico, and succeeded in delaying settlement, which was still pending when Huerta was forced to leave Mexico.

(8) In December, 1912, Constitutionalist Gen. Candido Aguilar appeared at the company's producing camp at Casiano, Vera Cruz, with a large armed force, demanding a loan of \$10,000. He took supplies and all the rifles the company ever owned, which rifles also had been imported on request of Minister Ernesto Madero. At the same time another of his bands appeared at the Potrero camp of the Eagle Oil Co. and demanded the same sum.

The Eagle Oil Co. (British owned) refused to make the payment. Aguilar's men stopped the company's pumps, causing the oil and gas to break out around the well and under the Buenavista River. The escaping oil and gas have since been ignited by lightning and burned for three months. The well is forever in a dangerous condition by reason of the stopping of the pumps in December, 1913.

The Huasteca Petroleum Co., desirous of cooperating with the American Government in its Mexican policy, referred the Aguilar request to Mr. Lind, then in Tampico, through the American consul. Mr. Lind advised the company to pay the "loan," which it did promptly. Its pumps were not then and never after stopped.

I want to interject this in the middle of this memorandum: That at that time it was a well-known fact that the British assisted in the sale of a large amount of Huerta bonds and they were distinctly favorable to the Huerta Government at that time. Our Government had shown its animosity to Huerta and its desire to support his opponents. So that our action was in line with our own Government and that of the British was in line with the supposed sympathies of the British Government.

(Continuing the reading of the memorandum referred to):

(9) The Larraga and Aguilar visits deprived the companies of their last arms, and subsequently they have been defenseless and at the mercy of whatever armed forces occupy the oil districts.

I want to add that we have never since been allowed to have any arms there, and foolish as it may seem for Americans that can fight, as proven lately, we have gone into that country without arms and allowed ourselves to be abused in every way that makes a red-blooded man feeling like wishing to die.

(Reading further:)

(10) The only arms and cartridges ever owned or imported by the Huasteca or Mexican Petroleum Cos. were delivered to the above-named constitutionalist generals.

#### DURING THE VILLA REVOLT.

(11) Gen. Aguilar left the oil fields and moved to Tuxpam in May, 1914. Local residents of the district organized under the leadership of Manuel Pelaez in opposition to the Carranza faction. They were classed as Villistas, though they had no sympathy with Villa. During the Villa revolt, August, 1914-

November, 1915, they levied on all the companies for supplies and one for "Monelava" paper money. As the American Government favored neither side in the contest, the company handled each demand as it came up without troubling the State Department for instructions, but notified the American consulate of everything it did.

So that even before the United States had taken sides between Villa and Carranza we were obliged to pay tribute first to one man and then to the other, and we never knew what their allegiance was until they declared themselves, and then we did not know whether they were telling the truth or not.

Senator BRANDEGEE. Do you mean Villa and Carranza?

Mr. DOHENY. Yes. Villa and Carranza both, and often parties that vowed allegiance to neither one.

(12) When the Eagle Oil Co. failed to deliver "Monelava" money demanded by Pelaez in the spring of 1913 his forces stopped their pumps, renewing the damage done by Aguilar's troops in 1913. The paper money was delivered and pumping resumed.

(13) The stoppage of the "Agulla" Co.'s pumps, in execution of his threat by Pelaez, proves that his menaces are serious, and answers the charge attributed to Mr. Cabrera that the companies paying tribute to Pelaez are only pretending payment under duress.

#### AFTER THE DE FACTO RECOGNITION OF FIRST CHIEF CARRANZA.

(14) By recognition of the Carranza branch of the revolution of 1913 the American Government gave the oil companies a basis for their conduct toward the factions. Carranza was recognized as in de facto control. Pelaez, in fact, occupied the oil region. In view of the American Government's evident desire to consolidate the Government under Gen. Carranza, the officials of the company agreed to accompany, and did accompany, Gen. Vera and Col. Teran, of the Carranza forces in Tamaulipas, to meet Pelaez in the jungle for the purpose of urging his surrender to the recognized faction. During the parley Pelaez learned that the Carrancista general, Galindo, had arrived in Tuxpan with forces and was threatening his rear. The parley ended, and Pelaez has subsequently been suspicious of conferences.

(15) The Huasteca Petroleum Co. has, notwithstanding, whenever asked to bring Pelaez together with constitutionalist commissioners to talk surrender, cooperated to that end. As an example, in September, 1917, its officials were able to put Deputy Eugenio Mendez, of the Carranza Congress, in touch with Pelaez's chief of operations for a parley.

This was within one month of the time when Deputy Cabrera is reported as charging the companies with voluntarily supporting the Pelaez rebellion.

(16) In the first days of February, 1916, Pelaez made a demand for a regular payment by the producing oil companies, for protection, of what amounted to \$1,200 per month, under threat of stopping oil pumps, just as he had stopped the "Agulla" pumps 10 months previously, and sending the American workers out of the country. The demand was communicated to the president of the Huasteca Petroleum Co. on February 8, 1916, by radiogram sent from his yacht, which put out from Tampico for the purpose, this being the only possible means of submitting the demand in time for its approval to prevent destruction.

The officials of the company in Mexico had, and have, strict orders to make no agreement to pay money to armed factions without approval of the president of the company. The president of the company would not approve the payment, in view of the recognition of the Carranza faction, without consulting the American State Department, in spite of the destructive effect of refusal to pay.

Notwithstanding that, I am now accused of having been a supporter of the rebels, although I ran the risk of having our property destroyed by delaying until we could put the matter before the proper authorities here.

(Reading:)

(17) The representatives of the Huasteca Petroleum Co., on February 6, 1916, laid the question before the American State Department and the Mexican

ambassador designate at Washington. Both authorities advised the company to make the payment to avoid destruction.

This is a declaration in a letter to the State Department, telling our State Department that they authorized us to make this payment. We have since received no letter from the State Department calling attention to this sentence and saying that it was not warranted by any action on their part.

(Reading further:)

The same advice was given at the same time to the Penn.-Mex. Oil Co. The Aguila Oil Co. was, we are informed, advised by the British Government to pay the tribute.

The reason only three companies were mentioned here was because only three companies were moving oil and the only ones that could be forced into payment by the stoppage of pipe lines, etc.

(Reading further:)

All oil-producing companies in the district controlled by Pelaez have since paid the monthly tribute demanded by him. His forces occupy their camps and eat at the restaurants furnished for employees. The companies must keep food and other supplies on hand. These the Pelaez forces take as they need them, just as the Larraga and Aguilar forces did in 1913, and as the Treviño (Carranzista) forces did at Ebano from November, 1914, to May, 1915. This form of contribution to the need or caprice of controlling forces in Mexico can not be prevented except by abandonment of properties which, in the case of oil-producing properties, can not be considered.

(18) No successful military expedition has as yet been sent against Pelaez's movement. His forces have absorbed much of the arms and cartridges and many of the men sent against them. In December, 1916, the movement was credited with having armed 2,900 men with captured rifles and munitions.

(19) In December, 1916, the superintendent of the Huasteca Petroleum Co. made a special trip to the United States to report to the president of the company that Pelaez, having learned that the de facto government's tax receipts from the oil produced in his district had greatly increased, had demanded an increased monthly payment. The State Department was again consulted, and letters were exchanged in the matter, of date December 22, 1916, and January 5, 1917, in which the decision arrived at was set forth. Conditions as to payment of monthly tribute have not subsequently changed.

(20) It is within the knowledge of the counselor of the State Department that in the month of February, 1917, pressure was brought to bear upon the Huasteca Petroleum Co. from important sources to make a shipment or shipments of rifles and cartridges to the Pelaez forces, and that the Huasteca Petroleum Co. would have nothing to do with such procedure without the request and consent of the State Department and opposed the proposal for reasons then explained, principal among which was the evil effect of strengthening any Mexican rebel faction with military supplies.

It did not then, it did not before, it has not subsequently ever delivered arms or munitions of any sort to forces in rebellion against the Carranza Government.

I want to say here that while we have never declared our sympathies in Mexico, there is one thing that we always have declared, and that is that it is dangerous to let arms go into any Mexican's hands at a time when there is likely to be a feeling stirred up against Americans, and we have always opposed sending any arms to any faction in Mexico, so far as our opinion has been asked, and we will always do that so long as an unstable Government exists there.

It did not then, did not before, and has not subsequently ever delivered arms or munitions of any sort to forces in rebellion against the Carranza Government.

(21) It is the belief of the officials of the Huasteca Petroleum Co. that no other oil-producing concern has furnished arms or munitions from the United States to rebels against the Carranza Government. Such delivery is impossible, first, on account of the American embargo, and, second, on account of the careful search by customs guards of all ships arriving at Tuxpam and Tampico, the only possible ports for such traffic.

It is not to be believed that Mr. Cabrera made the false and damaging statements attributed to him by the Mexican press. If he did in fact make the statements reported he has been grossly misinformed as to the attitude and acts of the Huasteca Petroleum Co. He is reported to have said:

(1) That the company gives arms to rebels.

This is answered by the facts set forth herein in (6), (8), (9), (10), and (20).

(2) That the company gives supplies to the rebels voluntarily, and that its claim of duress is a pretense.

This is answered by the notorious results of refusal to pay tribute to Aguilar and to Pelaez, set forth in (8) and (12).

(3) That the company has given supplies to the Pelaez rebels.

This is true only as set forth herein. The result of refusal of supplies to Pelaez and his troops, while they are predominant in the producing district at this time, when the United States and their allies need petroleum and its products more urgently than ever, would be a more far-reaching calamity than before we were at war.

The Huasteca Petroleum Co., and we believe other American companies, has from the beginning of the disorder in Mexico attempted in every way to cooperate with the policy toward Mexico assumed by the American Government and at the same time to continuously produce and supply the petroleum products so vital for the United States in peace and war. Special conditions of disorder and disputed authority have forced the company to pay tribute in various forms to more than one faction at a time. The work could not be suspended. From the time Gen. Aguilar occupied Caslano, its producing fields and its terminal have been controlled by opposing armed factions. It has had to satisfy the exigencies of both, maintaining a neutrality as perfect as possible, and it has never in any way favored either side except when acts of favoritism were patently desired by the American Government.

Respectfully submitted.

H. WALKER,

*For the Huasteca Petroleum Co.*

I suppose it is all right to put this in the record, is it not, Mr. Walker?

Mr. WALKER. I presume so, but this is a private communication to the State Department. Has this committee the power to subpoena such documents? This is brought here in response to your subpoena.

The CHAIRMAN. I think we are entitled to it. At any rate, we have got it and we will keep it.

Senator BRANDEGEE. Is this Candido Aguilar the son-in-law of Carranza?

Mr. DOHENY. He is the son-in-law of Carranza; yes.

Senator BRANDEGEE. Is there any doubt about that?

Mr. DOHENY. He is reputed to be and I think he is, although there is always some doubt about most everything.

Senator BRANDEGEE. I did not know whether he was recognized by his father-in-law.

Mr. DOHENY. I think he is.

The CHAIRMAN. He was reported to be on a mission for Carranza about two weeks ago.

Mr. DOHENY. When the property Ebano was occupied for four or five months by contending forces we had one white man, an American, killed on the property, but probably it was because he was with Mexicans and was running away from the attacking force. I

think the killing was merely an incident of the attack at that time. This man's name was Ely, an American citizen from Iowa, who had children living in Mexico and some children in the United States.

The CHAIRMAN. We are not going into the details of killings and robberies and so forth in Mexico with Mr. Doheny, because we have various witnesses who will testify to those things who were on the ground and will be able to testify from personal knowledge. I do not know, at this time at least, that there is anything else that the committee desires to interrogate you about, Mr. Doheny. Your testimony has certainly been very clear, and enlightening, and very interesting, and, to state my personal opinion, it should be appreciated by the people of the United States, to whom it will go sooner or later. We thank you.

Mr. DOHENY. I expect to be in New York for several weeks to come, and if it is deemed necessary to have me here again for the purpose of clearing any point or adding to the information in any way or correct any misstatements I will be glad to come over at any time at the request of the committee.

The CHAIRMAN. I thank you.

Senator BRANDEGEE. You may have answered what I am about to ask, as I have not been here during all of your testimony, but have you been in the room while the witnesses who testified before you were on the stand?

Mr. DOHENY. Yes, sir.

Senator BRANDEGEE. Did you hear the testimony of the witness, more particularly, I think, of Dr. Inman, who testified about the improved conditions of Mexico now over what they were a few years ago?

Mr. DOHENY. Yes, sir.

Senator BRANDEGEE. Have you given any testimony as to the general conditions in Mexico?

Mr. DOHENY. I think no general testimony; no, sir.

Senator BRANDEGEE. Have you been in any portions of Mexico, except where your oil fields are located?

Mr. DOHENY. At various times I have been at very many places besides those. I commenced to go into Mexico, I think, as I stated in my introductory statement, in 1878.

Senator BRANDEGEE. I mean more recently—in the last three or four years—have you traveled about Mexico?

Mr. DOHENY. In the last three or four years, no; except in the vicinity of our oil fields.

Senator BRANDEGEE. The object of my question was to get your judgment as to whether, and, if so, at what rate, general conditions are improving in Mexico since Gen. Carranza took possession or became President. How rapidly is the country increasing in prosperity or how rapidly are peaceful conditions being resumed and law and order being established?

Mr. DOHENY. I think that is partially answered by testimony I gave this morning, to this effect: That three years ago I went to Mexico and two years ago I went to Mexico, and on both occasions I took with me large parties and went down over our property for a distance of 90 miles south of Tampico and went over our property for a distance of 35 miles. I had a number of ladies with me in the party

at both times. There did seem to be some fear in the United States that they were going into dangerous places, but when I arrived down there and talked with our own people I judged the situation to be as it turned out to be—safe for them to go where they wished to go.

Senator BRANDEGEE. Where was that?

Mr. DOHENY. That was two years ago.

Senator BRANDEGEE. Not when, but where, did you say it was?

Mr. DOHENY. We wished to go all over our oil fields, and I went there, and I took my wife with me, and several gentlemen with their wives. We found it safe. Very recently I was asked about the possibility of making a trip at this time, or rather I asked about it, and I was told by no means to do it. A Mexican gentleman arrived in New York a few days ago, whose name I will not mention for obvious reasons, but who is a very warm friend of President Carranza, or of President Carranza's government, and I asked him for the purpose of information whether or not a certain party who wished to go to Mexico could go safely by rail. The fact of the matter is that a California company had wired to me to know if I could send down on one of our tank steamers one of their representatives. We are not allowed to carry passengers on our tank steamers, and there is some little trouble in getting the department to give us permission to do it, and at the same time we feel that we will be responsible in some way or other for what they may do when they arrive there.

I wanted to be in a position to tell them that they could send him by rail, and I asked about it, and his answer was, not by way of Monterey and Victoria, but he said, "if you want to send him by Monterey, Saltillo, San Luis Potosi, and around in that way, it will be safe all right, but to go down through the State of Tamaulipas, it is not safe to go. The State of Tamaulipas joins the Rio Grande and the Gulf of Mexico, and the City of Tampico is in that State, and capital is Victoria, and Osuna, the man appointed governor by President Carranza, is governor of the State, and in his State the railroads are reported to be unsafe to travel on at the present time.

Senator BRANDEGEE. Are you now having to pay tribute to anybody for protection at the present time?

Mr. DOHENY. We are paying tribute to Pelaez.

Senator BRANDEGEE. Now, Mr. Doheny?

Mr. DOHENY. Now.

Senator BRANDEGEE. Every month?

Mr. DOHENY. Every month.

Senator BRANDEGEE. At what rate, now?

Mr. DOHENY. I do not know the rate.

The CHAIRMAN. Do you know the total payment to all of the companies?

Mr. DOHENY. The total payment to all of the companies is less than \$30,000.

Senator BRANDEGEE. In your judgment, is it within the power of Carranza to disperse these bands which you have to pay tribute to?

Mr. DOHENY. My judgment would be that it is not within his power, or else he would have done it, because it is the one big blot on his claim of dominating Mexico, and the most valuable spot in Mexico, the most valuable spot in all the world is this—under his

claim of jurisdiction—but it does not prevent these people from levying tribute.

The CHAIRMAN. I will ask you another question or two, Mr. Doheny. Have you had your attention called recently to a statement or an affidavit which must be filed before the Mexican consul in New York City, and other Mexican consular officers, by anyone desiring a passport from that Government in order to go to Tampico?

Mr. DOHENY. Yes, sir; that is a new requirement. Our employees going to Mexico to the oil fields near Tampico have been required to sign the following affidavit. This fact was brought to my attention by the officers of my company this week. The affidavit reads as follows:

The undersigned, under oath, deposes and says that he has been warned that the Tampico oil region is a dangerous district on account of the activities of bandits operating in said region. That deponent, by reason of his business as employee is on his way to that region, and travels at his own risk. That in case some accident might happen to him, hereby he formally renounces the right that he or his heirs might have, to present a claim to the Mexican Government, either directly or through any other channel.

Senator BRANDEGEE. It is a rather significant statement, "his heirs," do you not think?

Mr. DOHENY. It certainly does not encourage a man to seek a job in the oil fields.

The CHAIRMAN. Are you a member of the organization for the protection of American rights in Mexico, as testified to here?

Mr. DOHENY. Yes, sir.

The CHAIRMAN. Some of the witnesses who testified in your hearing seem to have the idea, or desire to convey the idea that that association, with yourself at the head of it, is organized for the purpose of bringing about a war between this country and Mexico. Do you have any such purpose?

Mr. DOHENY. I would like to correct a misstatement in your statement just now, if you will allow me.

The CHAIRMAN. Certainly.

Mr. DOHENY. I am not at the head of it.

The CHAIRMAN. You are a member of it?

Mr. DOHENY. I am a member of it, and I am glad that the opportunity is allowed me to say something about the organization, because I had it in mind to ask permission to do so, but it slipped my mind, among many other things. The fact of the matter is this, that I am chairman of an organization known as the Oil Producers' Association, and we were presenting a united front against what we believe to be the unjust claims of the Mexican Government, and with such effect that other people having properties in Mexico desired to join with us, and they came to my office and suggested the organization of a larger association to be made up of groups, of which we are only one. There are seven groups in the association for the protection of American rights in Mexico, and the exact names of the groups Mr. Boynton can give you, as he is the managing director of the association, employed under a salary to do the work.

The first chairman elected was Mr. Con Kelley, of the Anaconda Copper Co., and I believe I was elected vice chairman at that time. I went to Europe immediately afterwards, as did Mr. Kelley, and who presided or what was done during my absence I do not know.



as I have not had the time to read the minutes, but I do know that arrangements were made to do effective work, for the truth, the whole truth, and nothing but the truth, to have that put in the papers about Mexico. Of course, there is a good deal of trouble in getting the whole truth. However, I have not seen anything that has been published that has been anything but the truth, so far as it could be determined.

The purpose of this organization is indicated by its name only. It has no other purpose. I will say further that there has never been a word said in any meeting that I have attended which would indicate that the members of it are in favor of intervention, or any member of it. I will state further that as a matter of fact one of the gentlemen whose name is on the committee of the league of free nations, was one of the charter members of the association, and was the principal speaker at a meeting which I attended, and that is Mr. Thomas W. Lamont, of J. Pierpont Morgan & Co. Another party that association are of themselves a sufficient guaranty that they favored Mexico, and who is a representative of the committee of the National Association for the Protection of American Lives in Mexico, is a vice president of the Guaranty Trust Co., which is our treasury. The names of the gentlemen who represent the different groups in that association are of themselves a sufficient guaranty that they are not propagandists in favor of intervention in Mexico, and never will be connected with anything that is not creditable in that or any other line of effort. They are well-known men who would not be connected with anything that was not perfectly right and proper, and the name of the association indicates that it is only for their rights, and, I hope, a very propitiously right movement at this time.

Senator BRANDEGEE. Mr. Lamont is owner of the New York Evening Post, is he not?

Mr. DOHENY. Yes.

Senator BRANDEGEE. And the New York Evening Post does not indicate that he or that paper is in favor of intervention?

Mr. DOHENY. No; we regard the New York Evening Post as leaning over the other way a little bit.

The CHAIRMAN. Mr. Doheny, have you had any experience with other propagandas at any time, if I may use the word without meaning to reflect upon any gentlemen, or with other propagandists who have sought to create the impression that to educate the American people as to the purported views with reference to Mexico, along the line of some of the recent views we have had here; that is, to the effect that Americans were sending out distorted statements of conditions there with some ulterior purposes in mind—I mean, have you come in contact with those efforts for several years past, or at any period during the last six or seven years?

Mr. DOHENY. Yes; but not in any very direct contact.

The CHAIRMAN. Do you know Dr. David Starr Jordan?

Mr. DOHENY. Yes; I have heard of him, and have met him.

The CHAIRMAN. Do you also know Rev. Henry Allen Tupper?

Mr. DOHENY. By name, very well.

The CHAIRMAN. Did you hear of the efforts of either of these gentlemen along this line that I have indicated?

Mr. DOHENY. Well, I am quite familiar with the incidents that happened at El Paso, which were reported in the newspapers, and

which, among other things, reported David Starr Jordan as having been so desirous of having the sympathy of the United States continued with the Carranza government that he made the charge that Villa was instigated to make his raid into Columbus by American interests, and was furnished money by them, and that they were particeps criminis to the raid. I was very sorry to read the next day that he got out of El Paso without the thing happening which had been threatened.

The CHAIRMAN. Do you happen to know of your own knowledge whether any of the gentlemen whose names have been mentioned here by any of the witnesses, or by myself, have received any funds from Carranza or those associated with him?

Mr. DOHENY. Well, I hoped that that might not be brought up. Mr. Chairman, but I had evidence that one of them received money.

The CHAIRMAN. You were requested by the committee to bring with you such evidence that you had on that.

Mr. DOHENY. Yes, sir.

The CHAIRMAN. Have you brought it?

Mr. DOHENY. Yes, sir.

The CHAIRMAN. Will you produce it?

Mr. DOHENY. I have sent a photograph of it to the State Department at the time it came into my possession, several years ago.

The CHAIRMAN. What is that?

Mr. DOHENY. It is a draft, No. 8, made out in favor of the Mexican treasurer general by the Huastica Petroleum Co. in payment of the sum of \$3,466.86, to discharge the bar dues for the months of May and June, 1915. It is signed by our representative in Mexico and paid in New York.

The CHAIRMAN. Were there any indorsements? That draft was paid in New York?

Mr. DOHENY. Yes, sir. It is voucher 1061, contains the cancellation of the stamp signed by our representative in Mexico, and was indorsed by the treasurer general of Mexico, paid to the order of Dr. Henry Allen Tupper, for value received, Vera Cruz, July 31, 1915, and it was receipted—payment was receipted in New York, August 19, 1915, signed, Henry Allen Tupper.

The CHAIRMAN. Was that gold money—that is, United States gold money, currency?

Mr. DOHENY. That was United States Currency; yes, sir.

Senator BRANDEGEE. What was the value received?

Mr. DOHENY. We were never told.

The CHAIRMAN. Do you know whether Dr. Tupper was in El Paso with Dr. Jordan at the time of these occurrences?

Mr. DOHENY. The papers reported that he was; yes, sir.

The CHAIRMAN. Will you leave this draft with the committee, or do you prefer to have it returned?

Mr. DOHENY. I would be perfectly willing to furnish it, either the original draft or a photographic copy of the draft. Have always felt as though we ought to retain the original draft, because it may be very significant, and it might be possible that we will be called upon to prove its existence, in which case a photograph might not be satisfactory.

The CHAIRMAN. A photographic copy will be satisfactory to the committee.

I will state, Mr. Doheny, that the purpose of the committee, or at least of myself, in requesting you to bring this paper with you, as a witness, was that there were various Americans who were very active—so they stated themselves, and as was stated to the committee members—in securing recognition of Carranza by this Government, and among those gentlemen were Mr. Tupper, and the names of others are well known to myself, at any rate, and there may be some further evidence brought out along that same line; and knowing that uncontrovertible evidence, at least, existed that some of our philanthropists had received accommodation of some character from the Carranza government at about the time of his recognition, I desired to have it in evidence now.

Mr. DOHENY. We sent a photographic copy of this draft to the State Department at the time we received that from the bank, so that the State Department has been informed of its existence.

The CHAIRMAN. As the Foreign Relations Committee have an important hearing to-morrow, and have requested a full attendance, at least, for the morning session of all its members. Of course, Senator Brandegee and myself are members of the committee, and we being compelled to attend the meeting of the committee to-morrow, will not have a session of this hearing, but we will endeavor to have a session to-morrow afternoon, and invite certain other witnesses, if it is possible for us to do so, as we have their addresses here and can reach them by telephone.

Mr. DOHENY. I would like to say this, Mr. Chairman. At the time that we brought in that great well in Mexico, that has been described in the testimony here, we had on the ground a photographer whom we had been employing for a couple of years to take pictures of various portions of the camp, and he was there the day it was drilled in, and he has taken moving pictures, showing Tampico Harbor and the vicinity of the canal where most of the murders took place, and showing the character of the country, and this wonderful well, the most wonderful in the world, and the picture is just as clear as though you were at the well, except the smelling of the oil, and I showed it to the Geographical Society about three years ago, and if this committee should arrive at the conclusion that it would be valuable in any way to have that shown here at some place in Washington, I have the films in New York. I showed them in London, and I would be very glad to bring them over and show them to the Foreign Relations Committee of the House and Senate, or any others who might desire to see them. It may be that it would be desirable to have them show the character of the country, and the work being done by the Americans on this land, which seems to be a storm center.

The CHAIRMAN. I am sure that it would be very interesting, and I will take up the matter before the full committee.

Mr. DOHENY. I would be very glad to bring it over next week or the week after.

Senator BRANDEGEE. That well that you described, does that well keep up?

Mr. DOHENY. I will say that we laid two pipe lines before we drilled the well, and the well furnishes all the oil that we can carry in the two pipe lines. It does that besides the——

Senator BRANDEGEE. There is restraint there also?

Mr. DOHENY. Yes, sir.

Senator BRANDEGEE. Did you not say that it was 250,000 barrels capacity?

Dr. DOHENY. Two hundred and sixty-one thousand barrels, and 10 per cent overflow, wasted, in 24 hours, and is now 45,000 or 50,000 barrels, with 900 pounds back pressure.

Senator BRANDEGEE. How many years has that been flowing?

Mr. DOHENY. It will be three years next February.

The CHAIRMAN. I desire to make the further statement in connection with those remarks I made a few moments ago, as to the purpose of securing this last testimony: I do not want it to be understood, as chairman of this committee or personally, in intimating that there is anything wrong in any American securing pay for his services, if they did secure such remuneration, in attempting in any way to secure the recognition of Mr. Carranza; but in view of the fact that various charges have been made as to selfish interests along the border and in this country being desirous of bringing trouble with Mexico, and bringing raids on the other side of the country, some of the gentlemen who made such statements are posing as friends of the Mexican people, I think this further testimony to show that they may have had their expenses paid and received remuneration for such friendship—I think that it is the duty of the committee to show it, and if we can get the evidence we will show it.

Mr. Secretary, has there been any return on the subpoena, or have we heard anything from Mr. de Bekker?

The SECRETARY. No, Mr. Chairman; the address given us at the Bush Terminal investigation shows that no such person is known at the Bush Terminal, and there has been an attempt to locate him at 130 West Forty-second Street, the address given by Mr. McDonald, and the Sergeant at Arms notified me at noon that he had no returns from there.

(Thereupon, at 5:20 o'clock p. m., the hearing was adjourned, subject to the call of the chairman.)

# INVESTIGATION OF MEXICAN AFFAIRS.

FRIDAY, SEPTEMBER 12, 1919.

UNITED STATES SENATE,  
SUBCOMMITTEE OF THE COMMITTEE  
ON FOREIGN RELATIONS,  
*Washington, D. C.*

The subcommittee met at 3 o'clock p. m., pursuant to adjournment, in Room 422, Senate Office Building, Senator Albert B. Fall, presiding.

Present: Senators Fall (chairman) and Brandegee.

## TESTIMONY OF MR. LEVI SMITH.

(The witness was duly sworn by the chairman.)

The CHAIRMAN. State your name.

Mr. SMITH. Levi Smith.

The CHAIRMAN. Your residence.

Mr. SMITH. Comanche, Texas.

The CHAIRMAN. Your occupation.

Mr. SMITH. Oil producer.

The CHAIRMAN. Where are you now engaged in the business of producing oil?

Mr. SMITH. In Texas and Louisiana.

The CHAIRMAN. Were you at any time engaged in the production of oil in the Republic of Mexico?

Mr. SMITH. Yes, sir.

The CHAIRMAN. When?

Mr. SMITH. From early in 1914 until the end of 1918.

The CHAIRMAN. 1914 to 1918?

Mr. SMITH. Yes, sir, inclusive.

The CHAIRMAN. Mr. Smith, have you read or heard read any portion of the testimony given here, in the statement of Mr. E. L. Doheny before this committee in this hearing?

Mr. SMITH. I have a portion of it. I hurriedly read a portion and heard a portion of it read.

The CHAIRMAN. Commencing on page 899 of the transcript of the hearing there was read into the record by Mr. Doheny yesterday a memorandum of facts presented by Mr. Walker to Mr. Polk, with Mr. Walker's letter of transmittal to Mr. Polk, under date of November 5, 1917. Have you read that memorandum of facts?

Mr. SMITH. Yes, sir; I read a portion of it hurriedly and heard the remainder read.

The CHAIRMAN. Of your own knowledge, do you know anything of the truth of the facts contained in that memorandum?

Mr. SMITH. So far as I am able to recall, so far as I remember, the things set out in that statement are true, every statement is true.

The CHAIRMAN. You are familiar with the facts as stated, as having come under your knowledge?

Mr. SMITH. Yes, sir.

The CHAIRMAN. In what capacity were you acting, that you happened to have information as to these facts?

Mr. SMITH. I was here in the interest of the Penn-Mex Fuel Co., of which I was manager at the time.

The CHAIRMAN. Where was the Penn-Mex Fuel Co. operating?

Mr. SMITH. In the State of Vera Cruz, Mexico.

The CHAIRMAN. In what particular district?

Mr. SMITH. Largely in the Panuca district.

The CHAIRMAN. Near Tampico?

Mr. SMITH. About 15 or 20 miles south of Tampico. They were also operating somewhat in the Tuxpam district, but not so extensively as in the lower district.

The CHAIRMAN. Did the Penn-Mex Co. contribute anything to anyone other than the Government at that time recognized by the United States while you were with that company?

Mr. SMITH. Yes, sir.

The CHAIRMAN. To whom did they first make contributions, if you know?

Mr. SMITH. The first and only contribution of any consequence was made to Gen. Pelaez.

The CHAIRMAN. When did you sever your connection with the Penn-Mex Co. and its operations in Mexico?

Mr. SMITH. January 1 of this year.

The CHAIRMAN. Up to that time do you know whether these contributions continued monthly?

Mr. SMITH. You mean subsequent to that time?

The CHAIRMAN. Subsequent to the first payment. About when was the first payment made?

Mr. SMITH. These statements of mine are more or less general, because I have no memoranda with me.

The CHAIRMAN. Yes; I understand.

Mr. SMITH. As I recall, my first payment was made in April of 1917.

The CHAIRMAN. Were the payments more or less continuous?

Mr. SMITH. They were made monthly.

The CHAIRMAN. Up until the time you left there?

Mr. SMITH. Yes, sir.

The CHAIRMAN. Do you have any reason to believe they have been discontinued up to this time?

Mr. SMITH. I could not state positively, but my impression is they are still being made.

The CHAIRMAN. Are they being made under the conditions and circumstances as related in this statement of Mr. Walker's to the State Department?

Mr. SMITH. Yes, sir.

The CHAIRMAN. Were you in Washington at the time that Mr. Walker went to the department?

Mr. SMITH. I was. I was with Mr. Walker.

The CHAIRMAN. In the department?

Mr. SMITH. Yes, sir.

The CHAIRMAN. Were you present at the conversation between Mr. Walker and Mr. Polk?

Mr. SMITH. I was.

The CHAIRMAN. Did you take part in that conversation?

Mr. SMITH. Yes, sir.

The CHAIRMAN. It was concerning the question of your making your payments to Pelaez, as per his demands?

Mr. SMITH. Yes, sir.

The CHAIRMAN. And what was the understanding with Mr. Polk?

Mr. SMITH. If you will pardon me, Senator, I will give you the exact language, as near as I can.

The CHAIRMAN. If you will.

Mr. SMITH. I said to Mr. Polk, "I should like to know the attitude of the department toward the various companies and ours in particular, should we be compelled to make this payment, as it now looks like we will have to do?" His exact language, as I recall, was, "You appear to me very much like a man around the corner being held up and no policeman in sight." He said, however, he should like to discuss the matter with Mr. Lansing before he went into it further. He spent a half an hour in Mr. Lansing's office and came back and said Mr. Lansing agreed with his idea of it. I pressed him for a further statement, and he finally said to me, "You are helpless. You can not do otherwise than pay it." I asked him if he cared to put that in writing, and he refused to do so.

The CHAIRMAN. Did you know Mr. Arredondo, at that time the representative of the Carranza government in this city?

Mr. SMITH. Yes, sir.

The CHAIRMAN. Did you meet him at or about the time you had this conversation with Mr. Polk?

Mr. SMITH. I met him in New York directly after that.

The CHAIRMAN. Did you have any conversation with Arredondo concerning the payment to Pelaez?

Mr. SMITH. I did.

The CHAIRMAN. What was the effect of that conversation?

Mr. SMITH. He first said he would report the matter to his Government and ask that they give us protection. I replied to him that unless we were given the necessary protection we would be compelled to pay it. After we had discussed the matter in its various phases he agreed that it was the safest thing to do.

The CHAIRMAN. Were the payments continued to be made to Pelaez under those circumstances?

Mr. SMITH. Yes, sir.

The CHAIRMAN. Did you ever have any protest from the Carranza Government later against making the payments to Pelaez?

Mr. SMITH. No, sir; not directly from the Carranza Government. I might say prior to that time I had a very strenuous protest from Gen. Alaman, when Pelaez was pressing for the payment, and Pelaez had up the matter with me in this manner: "If you don't pay, I will raid your camp and destroy your property." Alaman said two days later: "If you do pay, I will shoot you."

The CHAIRMAN. So Pelaez threatened to destroy your property if you did not pay?

The CHAIRMAN. What were the conditions when you left there, as to the safety of Americans?

Mr. SMITH. Well, we regarded the situation as rather serious.

The CHAIRMAN. Why? What was the occasion for that?

Mr. SMITH. That was directly after the Villa raid at Columbus. The United States troops had entered Mexico, and it was the opinion, both of the Mexicans and Americans, that we were just on the verge of war.

The CHAIRMAN. Do you know anything about any orders or directions issued at that time by the American consul to American citizens of Tampico with reference to their leaving the town?

Mr. SMITH. I know nothing of the consular instructions other than hear-say, because I was not there at that time. I never even saw a copy of it at that time.

The CHAIRMAN. Did you see it later?

Mr. SMITH. Yes, sir.

The CHAIRMAN. Examine these papers which I hand you and state whether those are duplicates of what you saw.

Mr. SMITH. I should say those are verbatim copies.

The CHAIRMAN. I desire to file this and have it placed in the printed record.

(The document referred to is here copied in full as follows:)

Meeting at 10 o'clock.

I. Each man take his district.

II. Tell Americans in district:

(1) Pack in handbags everything absolutely necessary for trip. Do not lock same. Leave all arms at home.

(2) Pack in one trunk for each family articles desirable for trip. Leave same unlocked near entrance inside of house or flat. Pack no arms.

(3) Leave house promptly at 6 o'clock with handbags (no carcadores), not hurrying and not losing time, and come to Bergen Building, Victoria Hotel, or Colonial Club.

(4) Come by route not leading through plaza or along any street facing plaza.

(5) May bring a limited amount of bed clothing, and not over 10 pounds of feed for family.

(6) Advise people they will not have time to return to homes; that they will go to boats later in harbor and that transport will not enter harbor.

(7) Advise people tell all their American neighbors, and report any interference to fifth floor Bergen Building.

(8) Advise people American consul has ordered all Americans to leave immediately, and state that you think no protection will be accorded those who remain. This includes men, women and children.

"AMERICAN CONSULAR SERVICE,

"Tampico, Mexico, June 24, 1916.

"To whom it may concern:

"American citizens are hereby urged to leave for the United States without any further delay; and to this end they should heed the suggestions to be made by the bearer hereof.

"CLAUDE I. DAWSON, American Consul."

III. Three men to patrol Southern and Imperial corners and Jefatura, beginning at 6 o'clock, and report frequently to consul. (Bell, Mines, Moore.)

IV. Two men at near end of bridge, taking position at 6 o'clock. (Powers, J., Dillman.)

V. Three men on wharf to help boats and take charge of baggage if officials interfere. These men to be at wharf at 6 o'clock and report to Navy officer on tanker when latter arrives. (Sutton, Chapman, Martin.)

VI. Consul to be on top floor of Bergen Building and Newell and Buckley to be with consul.



The CHAIRMAN. You did not meet him?

Mr. SMITH. No, sir.

The CHAIRMAN. Did you ever meet Mr. George Carruthers?

Mr. SMITH. No, sir.

The CHAIRMAN. When you went to Tampico and became identified with the oil industry there, had the Madero government been overthrown at that time?

Mr. SMITH. It had been. Huerta was in power at that time.

The CHAIRMAN. Huerta was in power at that time?

Mr. SMITH. Yes, sir. I should like to correct one statement I made. I said that Mr. Lind left Vera Cruz directly upon our arrival. He was in Vera Cruz when I was there the first time, but I did not meet him.

The CHAIRMAN. What was the general condition in and around Tampico and northern Mexico, as you knew it at the time you went there in 1914?

Mr. SMITH. Well, it was what you might describe as very chaotic. The Carranza forces were besieging Tampico directly after I arrived there in the early part of April, 1914, and there was a continuous battle from Monday until the following Sunday, as I recall. Conditions generally were very much disturbed.

The CHAIRMAN. Was that before the American occupation of Vera Cruz?

Mr. SMITH. Yes, sir.

The CHAIRMAN. Where were you when Vera Cruz was occupied by the Americans?

Mr. SMITH. I was in the United States. I left Tampico three days before the occupation of Vera Cruz, as I recall.

The CHAIRMAN. Do you know anything about the attitude of the Carranza officials toward Americans or American companies?

Mr. SMITH. In what particular, Senator?

The CHAIRMAN. Well, in their dealings with the American companies, particularly the oil companies with which you were connected. Were they friendly or antagonistic?

Mr. SMITH. Well, they were not especially friendly. There were times when they were more or less antagonistic, but I regarded that more as personal than otherwise.

The CHAIRMAN. Do you know Gen. Nafarette?

Mr. SMITH. Yes, sir.

The CHAIRMAN. Was he in Tampico at any time when you were there?

Mr. SMITH. Yes, sir.

The CHAIRMAN. What was his attitude, generally?

Mr. SMITH. His attitude was generally rather antagonistic.

The CHAIRMAN. He was the Carranza representative there for quite a while?

Mr. SMITH. Yes, sir.

The CHAIRMAN. Were you there in June, 1916?

Mr. SMITH. I was there in the early part of June, 1916. I came to the United States late in June, 1916.

The CHAIRMAN. Were you there when the Americans were ordered out of Tampico in 1916?

Mr. SMITH. No, sir. I arrived in the United States some four or five days before that happened.

The CHAIRMAN. What were the conditions when you left there, as to the safety of Americans?

Mr. SMITH. Well, we regarded the situation as rather serious.

The CHAIRMAN. Why? What was the occasion for that?

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V. Three men on wharf to help boats and take charge of baggage if officials interfere. These men to be at wharf at 6 o'clock and report to Navy officer on tanker when latter arrives. (Sutton, Chapman, Martin.)

VI. Consul to be on top floor of Bergen Building and Newell and Buckley to be with consul.

VII. Entire committee to report, where not otherwise occupied, at fifth floor of Bergen Building at 7 o'clock.

VIII. Two men to stay at consulate, commencing at 6 o'clock and report to consul at Bergen Building. (Gamble.)

IX. Dr. Garnett will attend to hospital.

X. Kinchelee in charge of Tampico Co. Building; Moats in charge of Colonial Club, and Jones in charge of Bergen Building.

XI Not to leave buildings for wharf until ordered by these three men, and these three men must receive instructions, directly or indirectly, from consul.

The CHAIRMAN. Mr. Smith, during your residence, or during the time you were in and near Tampico, what were the general conditions with reference to peace, quiet, order, law, safety of life, etc.?

Mr. SMITH. There was hardly a time while I was there that it was not more or less dangerous to get very far away from the centers of population, and particularly so in the last two years.

The CHAIRMAN. In the last two years?

Mr. SMITH. Yes, sir. There was far more danger connected with travel through the country districts than there had been prior to that.

Senator BRANDEGEE. What two years were those?

Mr. SMITH. 1917 and 1918.

The CHAIRMAN. Do you remember when Carranza undertook to and did send an expedition into the oil fields in 1918?

Mr. SMITH. Yes, sir.

The CHAIRMAN. What was the purpose of that expedition, if you know?

Mr. SMITH. Well, ostensibly the purpose was to drive Pelaez out and gain control of the producing area, of which Pelaez had and had had control for some little time.

The CHAIRMAN. What had been the conditions existing in the oil fields prior to this expedition of Carranza's, as compared with the conditions later, as to safety?

Mr. SMITH. Well, during and subsequent to the time of this expedition things were in much more of a turmoil than they had been prior to that.

The CHAIRMAN. Do you know of any murders of Americans occurring at that time, after that expedition?

Mr. SMITH. Well, there have been a number of killings since that time or during that time. I was not a witness to any of them. I know of them in a general way. For instance, the paymaster of the Texas Co. was killed a few miles out of Tampico when he was being held up for the pay roll. That, as I recall, was early in 1918. I am not positive as to the date.

The CHAIRMAN. Were there any murders coming within your knowledge, what you regarded as accurate information, prior to the time of this expedition?

Mr. SMITH. I do not recall any specific instances. Now, do I understand, Senator, that this applies to foreigners?

The CHAIRMAN. Yes; foreigners.

Mr. SMITH. I do not recall any specific instances of any killings in our district prior to that time. I might add, in regard to the killings during and subsequent to that time, various employees of the Gold Co. were killed at Tampico during holdups of the camp, various incidents of that sort that I would not attempt to supply now from memory.

The CHAIRMAN. That was prior to the sending of the Carranza expedition?

Mr. SMITH. No; that was subsequent to that.

The CHAIRMAN. You do not recall any at all prior to that?

Mr. SMITH. No, sir; not from memory. I would not trust my memory that far.

The CHAIRMAN. Did you have any information as to who it was that killed the paymaster you referred to?

Mr. SMITH. No, sir. It was given out that it was bandits.

The CHAIRMAN. You say "it was given out that it was bandits?"

Mr. SMITH. Yes, sir.

The CHAIRMAN. Did you make any investigation, or did you know of any investigation being made?

Mr. SMITH. No, sir.

The CHAIRMAN. Did you know of any investigation being carried on by any Americans?

Mr. SMITH. No; I did not.

The CHAIRMAN. Was the story as given out generally accepted as true by Americans there?

Mr. SMITH. Well, it was generally supposed by Americans, openly talked, that it was Carrancista soldiers, but we had no evidence and I have no evidence of that.

The CHAIRMAN. Mr. Smith, are there any matters within your knowledge, occurring at Tampico or in that vicinity in Mexico, during the time that you were there, which you do not care to testify to in open hearing for any reason?

Mr. SMITH. Yes, sir; there are some matters I would rather tell in executive session.

The CHAIRMAN. What is your reason for preferring to tell some matters in executive session?

Mr. SMITH. I have lived in Mexico for the past five years, and more than likely will have to live there again, and any one telling all the facts, possibly, coming under his observation in that time, and going back to Mexico, it might make it more or less uncomfortable.

The CHAIRMAN. Then you have some facts within your knowledge as to conditions there, that you think might be of interest to this investigation, but you prefer to give them in executive session?

Mr. SMITH. Yes, sir.

The CHAIRMAN. That is all I want to ask you at this time, unless Senator Brandegee has some questions.

Senator BRANDEGEE. What oil company did you say you represented?

Mr. SMITH. The Penn-Mex Fuel Co.

Senator BRANDEGEE. Was that a large concern?

Mr. SMITH. Yes, sir; one of the three largest producing in Mexico.

Senator BRANDEGEE. Did you state what particular position you held?

Mr. SMITH. I was general manager in Mexico; had charge of all the work.

Senator BRANDEGEE. How far were your oil fields from those of Mr. Doheny?

Mr. SMITH. Nearly all of Mr. Doheny's productions were in the Cerro Azul district, possibly 30 miles.

Senator BRANDEGEE. How large an area has what is known as the oil country there?

Mr. SMITH. The oil producing area?

Senator BRANDEGEE. Yes.

Mr. SMITH. It is nearly or quite 100 miles north and south, and of variable width; narrow, however.

Senator BRANDEGEE. About what is the average width?

Mr. SMITH. You understand, there are just little sections here and there.

Senator BRANDEGEE. Yes; I know.

Mr. SMITH. I would say the average is 2 miles.

Senator BRANDEGEE. About 100 miles long and 2 miles wide?

Mr. SMITH. Yes, sir.

Senator BRANDEGEE. Two hundred square miles?

Mr. SMITH. Yes, sir.

Senator BRANDEGEE. How many oil wells are there in that territory that you refer to? Not exactly, but just give me an idea.

Mr. SMITH. At the present time?

Senator BRANDEGEE. Yes; about.

Mr. SMITH. Well, roughly speaking, I should say there are a hundred producing wells, outside of the Panuco district. There has been a good deal of building in that district.

Senator BRANDEGEE. Have you any idea what the population is that works on these oil wells or in connection with that industry in that area?

Mr. SMITH. No, sir; that would only be the wildest sort of a guess.

Senator BRANDEGEE. How many does your concern employ?

Mr. SMITH. We employ from 50 to 90 foreigners, mostly Americans.

Senator BRANDEGEE. Is there any particular place where your wells are located that has a particular name?

Mr. SMITH. Yes, sir; the bulk of our production is at Hacienda Alamo, 52 kilometers from the Gulf Coast on the Panuco River.

Senator BRANDEGEE. How far from Tampico?

Mr. SMITH. About 10 miles from Tampico.

Senator BRANDEGEE. What I am trying to get at is this: How large a force would it be necessary for Carranza to maintain there, if he wanted to protect you and was able to, in order to give you reasonable security against these disorders and bandit attacks?

Mr. SMITH. Well, it would not require a very large force to protect the companies at the various camps, no very large force. As to the probable number of troops necessary to maintain order in the district, Palaez was popularly supposed to have about 1,000 men under arms, possibly two or three times as many subject to call, and he pretty generally maintained order in that particular district with that 1,000 men under arms, provided he had a thousand or more.

Senator BRANDEGEE. I have no doubt he maintained order when he was paid for it. What I am wondering is, Why is it that Carranza can not dislodge him, if he has only a thousand men?

Mr. SMITH. He never seems to have made a serious effort to do it. That is the only reason I can give you.

Senator BRANDEGEE. In speaking of the attitude of some of the Carranza officials or the Carranza governors as not being particularly friendly or cordial toward the oil companies, is there any distinction

between his attitude and that of his officials toward American companies or the companies of any other nation?

Mr. SMITH. So far as I was able to observe, so far as I did observe, there was comparatively little difference. The British people sometimes suffered as much as the Americans, and they were the largest interests there besides the American interests. The Holland people were interested quite largely, but I never came directly in contact with them. I think there was comparatively little difference in the treatment.

Senator BRANDEGEE. Do these killings or disorders occur near the wells or near where your employees reside, or are they out in the country?

Mr. SMITH. Oh, no; they are as a rule in or near some of the camps, in connection with paymasters, in particular, coming to and from the camps.

Senator BRANDEGEE. Is your train service safe between Tampico and the oil fields?

Mr. SMITH. We have no train service. There is no railroad except some small private railroads that the companies own merely for the transportation of freight from the head of navigation to their camps.

Senator BRANDEGEE. I was under the impression that Mr. Doheny testified yesterday that there were railroads. He testified about constructing a railroad through the jungle.

Mr. SMITH. That was his private road, running from the head of navigation down to his wells. We had the same sort of railroad from the head of navigation to Tuxpam.

The CHAIRMAN. There is a road from Monterey down to Tampico that Mr. Doheny testified was out of commission.

Mr. SMITH. Tampico was the nearest railroad.

Senator BRANDEGEE. That is all I have to ask.

The CHAIRMAN. Do you anticipate that if Carranza had driven Pelaez out your oil-well production would have been protected any better than it has been with Pelaez there?

Mr. SMITH. No, sir.

Senator BRANDEGEE. Why not? Would you not feel any safer under Carranza's soldiers than you would under Pelaez's soldiers?

Mr. SMITH. The experience of the average worker in the field was that he felt safer with Pelaez's troops in camp than with Carranza's troops. The Pelaez troops, I will say, maintain better order in that district than the Carranza troops did when they were occupying any of the camps.

Senator BRANDEGEE. Have you any distrust of the Carranza troops, yourself?

Mr. SMITH. Yes, sir.

Senator BRANDEGEE. Are they not well disciplined?

Mr. SMITH. As a rule, not.

Senator BRANDEGEE. Have you not confidence in their officers?

Mr. SMITH. Generally speaking, no.

Senator BRANDEGEE. What is the trouble with them? Do you think they are bad characters?

Mr. SMITH. If you do not mind, Senator, I would rather go into these matters in executive session.

Senator BRANDEGEE. Very good. It would be better, Mr. Chairman, to hear the other witnesses before we do that.

The CHAIRMAN. Yes. There is one other witness this afternoon who wanted to appear.

After the hearing closes this afternoon the committee will recess until half past 10 o'clock Monday morning, and will hope to have hearings then, in the mornings, possibly until 1 o'clock, or half past 1 o'clock, daily during next week. We will not be able to hold afternoon hearings, as the presence of Senator Brandegee and myself will be necessary on the floor of the Senate after 2 o'clock, at any rate. The committee will have no session to-morrow.

Mr. Smith, we will excuse you temporarily and go into executive session later.

The committee desires to examine Dr. Gates.

### TESTIMONY OF DR. WILLIAM GATES.

(The witness was duly sworn by the chairman.)

The CHAIRMAN. Dr. Gates, it will not be the purpose of the committee this afternoon to go as fully into matters with you as we will desire to do later. You have simply requested to attend at this session upon one point, particularly, which has been brought out in evidence.

(Addressing Mr. Smith:) I will state for the record, publicly, that you are here under subpoena, Mr. Smith. For your protection, I think that should be done.

Will you state your full name, Dr. Gates?

Dr. GATES. William Gates.

The CHAIRMAN. What is your residence?

Dr. GATES. I am living in Baltimore, although my home is in California.

The CHAIRMAN. What is your occupation?

Dr. GATES. Retired.

The CHAIRMAN. What have you been engaged in for recreation or otherwise within the last two or three years? What have you been doing?

Dr. GATES. A little over two years ago I made a trip into Mexico, which occupied nearly a year. Since returning to this country I have been digesting the printed and other matter that I brought out of Mexico and have written a series of articles—one for the North American Review and five for the World's Work upon the results of my trip.

The CHAIRMAN. Dr. Gates, did you testify before the Committee on Rules of the House of Representatives in this city recently?

Dr. GATES. I did.

The CHAIRMAN. Upon Mexican matters generally?

Dr. GATES. Yes, sir.

The CHAIRMAN. Did you later read an article in the New York Evening Post of August 5, 1919, copyrighted, and under the name of David Lawrence, referring to the testimony which you gave before that committee?

Dr. GATES. I did.

The CHAIRMAN. Has your attention been called to the testimony of any of the witnesses who have recently been heard by this committee?

Dr. GATES. I have looked over the testimony of Dr. McDonald and Dr. Winton. I was present during a part of Dr. Inman's testimony.

The CHAIRMAN. In the testimony of Mr. McDonald before this committee, wherein he was being questioned as to certain propaganda material being sent out under his direction by the League of Free Nations, he was questioned concerning a reprint of the David Lawrence article from the New York Evening Post of August 5, 1919, and he identified this document which I have now in my hands as a reprint of the article and as one of the propaganda publications which he was sending out.

Dr. GATES. May I say that that is not the complete David Lawrence article? The Evening Post cut out a portion of the last paragraph. It was printed in full in the Baltimore Evening News, but the Post cut a portion of Lawrence's statements before printing.

The CHAIRMAN. Do you desire now to complete this article by reading into the record or furnishing the committee with that portion which was cut out, or do you think that is material?

Dr. GATES. I have not it with me, but I can do so. It was interesting what was cut out.

The CHAIRMAN. That may be done, then, later, because you will be called upon at a later date to testify.

Dr. GATES. I think that portion was something that the Post probably thought Mr. Lawrence was implicating other people than myself in and cut it out for that reason. That is a surmise on my part.

The CHAIRMAN. For the purpose of this present investigation, for the investigation to-day at any rate, the propaganda article to which you have had your attention called will be sufficient.

I notice in this Lawrence article sent out as propaganda, Mr. Lawrence states that—

Documents have come to light showing that Mr. Gates, whose home is in Baltimore, but who spent many years in Mexico, has been actively at work against the Mexican Government, and that he boasted of alleged aid given him by Newton L. Baker, Secretary of War, and of interest displayed by the late Col. Roosevelt in various Mexican elements in this country.

He states further:

Investigation at the War Department reveals that Mr. Gates was listened to as any American traveler who comes from the southern Republic with information, but that at no time was any of his data presented by the Secretary, either to President Wilson or the Department of State. On every occasion the Secretary told Mr. Gates, with whom he had previously been personally acquainted, that matters affecting the political relations of the United States and Mexico must be presented directly to the Department of State or the White House. Mr. Gates tried very hard to get the sympathetic ear of the War and State Departments in his efforts to bring about a union of factions which would overthrow the Carranza Government. Failing in this, he indicated that he would put the whole matter before the House Committee on Rules, which is now investigating Mexican conditions and which is, of course, dominated by the Republicans, who, just now, are endeavoring to show that the Democratic administration did not handle the Mexican problem at all well.

He goes on to say that Mr. Gates—

has testified at length and his testimony has caused the Mexican Government, which is duly recognized by the United States, to wonder why an American congressional committee will give audience to a man who has had relations with a rebellious faction in Mexico.



Dr. GATES. Mr. Hall wrote me that in amazement at seeing these letters printed he went to his apartments and found that the locked cabinet in which he kept his correspondence had been opened, broken into in his absence, and these letters were missing. I had a talk with Mr. Rollo Ogden. The Lawrence article stated that they were in the possession of the Mexican Government and about to be transmitted to the Mexican Embassy and to the United States Government. Some one in New York, I think—I do not remember who—told me that Mr. Lawrence was saying that he was the transmitter of them, the medium by which they were coming to the United States Government. So I then dropped in to see Mr. Rollo Ogden, who told me that he had not seen the original letters from me to Mr. Hall but had seen typewritten copies of them before the Lawrence article was written.

The CHAIRMAN. Where did he see them—in Mexico or in the United States?

Dr. GATES. No; in the office.

The CHAIRMAN. In New York?

Dr. GATES. In New York; yes. I had been told that Lawrence had said that they were given to him by the Evening Post to write an article about. Upon that I questioned Mr. Ogden, and the most that he knew personally was that he had seen copies of them before the Lawrence article came out.

The CHAIRMAN. They had been in possession, then, of some one connected with the Post?

Dr. GATES. With the Post; and were being, as I heard—this is only hearsay—sent to the Mexican Embassy through David Lawrence. Back of that I can not go.

The CHAIRMAN. Where was Mr. Hall when he missed these papers, in Mexico or in the United States?

Dr. GATES. In the United States.

The CHAIRMAN. Where?

Dr. GATES. In Los Angeles. He is in Los Angeles a good deal of the time. I believe his apartments are in the Santa Monica.

The CHAIRMAN. Have you with you the letter from Mr. Hall in relation to the disappearance of these documents?

Dr. GATES. No; I have not, but I can bring it. I might in the matter state that the letters as printed in David Lawrence's articles are not complete. You will notice some stars there. Those stars indicate matter quite derogatory to the Carranza government, matter which I am positive is technically accurate in every way, and for that reason, I presume, was omitted from the David Lawrence article.

The CHAIRMAN. Do you desire to file this correspondence which you have here between yourself and Secretary Baker?

Dr. GATES. I see no reason why you should not have it. I am under subpoena, and you are entitled to it. As Secretary Baker has given me permission to use it, I see no reason why you should not have it. It is my own file. I would like to have the copies back in time.

The CHAIRMAN. Very well. You can furnish the correspondence to the committee. The committee will have copies made for the record and the secretary will see that your copies are returned to you.

Dr. GATES. I then wrote a letter to Mr. Baker, whom I have known and have had very warm feelings for for many years, especially in the old years, complaining, as an old friend, that it was not quite fair, to which letter I got a reply from Mr. Baker.

The CHAIRMAN. That what was not quite fair?

Dr. GATES. It looked like Baker was saying what Lawrence said he said, and I told Baker that it was not quite fair, after I had been visiting him as a friend, to claim that I was trying to claim his friendship and that I had been told things which I had not been told. In response to that I got a very nice letter from Mr. Baker. I have my whole correspondence with Mr. Baker. In response to that, I say, Mr. Baker answered me in effect disavowing everything that Mr. Lawrence said about it.

The CHAIRMAN. Have you that answer of Mr. Baker's? The counsel of this committee has the copies which you have furnished the committee, and the counsel of the committee is not in the city this afternoon.

Dr. GATES. That was a letter in which, in substance, Mr. Baker said he had not even spoken to Lawrence and had not met him, had not told anybody whatever anything of my conversation with him, except that he had told the State Department what I had told him.

The CHAIRMAN. You have no copies of that letter with you?

Dr. GATES. I have not that letter with me. I had given it to your counsel before. It was a statement that he had not even seen Lawrence.

The CHAIRMAN. That letter, of course, will be put in the record with your testimony. The committee itself has not had the letter before it. It is in the hands of the counsel for the committee. I supposed at this time that you had another copy of it.

Dr. GATES. That was about all, except that I referred to my former letter to Mr. Baker upon the subject of my general correspondence with him prior thereto, and said that the correspondence showed the contents so opposite to what Lawrence was saying, that I asked Mr. Baker if he had any objection to my printing and using the letters that I had written to him. In this answer to me, which was very nice and friendly, he said, "Certainly not. I have no objection at all to your making public your entire correspondence with me."

The CHAIRMAN. You have this former correspondence of yours with Mr. Baker, and his answers?

Dr. GATES. Yes; beginning with the 2d of January of this year and running up to the 15th of August, or a little later.

The CHAIRMAN. In this article of Mr. Lawrence, he has printed various letters of yours to one H. L. Hall—

Dr. GATES. Mr. Hall was an emissary of the State Department in Mexico for a number of years. For some time he was with John Lind, and he accompanied Paul Fuller, and I understand from his own letters to me, he met President Wilson by Secretary Bryan's introduction. He lived in the consulate at Vera Cruz for a time. He is now in Los Angeles.

The CHAIRMAN. These letters you wrote to Mr. Hall, did you?

Dr. GATES. Yes, sir.

The CHAIRMAN. Do you know how Mr. Lawrence secured them?

Dr. GATES. Mr. Hall wrote me that in amazement at seeing these letters printed he went to his apartments and found that the locked cabinet in which he kept his correspondence had been opened, broken into in his absence, and these letters were missing. I had a talk with Mr. Rollo Ogden. The Lawrence article stated that they were in the possession of the Mexican Government and about to be transmitted to the Mexican Embassy and to the United States Government. Some one in New York, I think—I do not remember who—told me that Mr. Lawrence was saying that he was the transmitter of them, the medium by which they were coming to the United States Government. So I then dropped in to see Mr. Rollo Ogden, who told me that he had not seen the original letters from me to Mr. Hall but had seen typewritten copies of them before the Lawrence article was written.

The CHAIRMAN. Where did he see them—in Mexico or in the United States?

Dr. GATES. No; in the office.

The CHAIRMAN. In New York?

Dr. GATES. In New York; yes. I had been told that Lawrence had said that they were given to him by the Evening Post to write an article about. Upon that I questioned Mr. Ogden, and the most that he knew personally was that he had seen copies of them before the Lawrence article came out.

The CHAIRMAN. They had been in possession, then, of some one connected with the Post?

Dr. GATES. With the Post; and were being, as I heard—this is only hearsay—sent to the Mexican Embassy through David Lawrence. Back of that I can not go.

The CHAIRMAN. Where was Mr. Hall when he missed these papers, in Mexico or in the United States?

Dr. GATES. In the United States.

The CHAIRMAN. Where?

Dr. GATES. In Los Angeles. He is in Los Angeles a good deal of the time. I believe his apartments are in the Santa Monica.

The CHAIRMAN. Have you with you the letter from Mr. Hall in relation to the disappearance of these documents?

Dr. GATES. No; I have not, but I can bring it. I might in the matter state that the letters as printed in David Lawrence's articles are not complete. You will notice some stars there. Those stars indicate matter quite derogatory to the Carranza government, matter which I am positive is technically accurate in every way, and for that reason, I presume, was omitted from the David Lawrence article.

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The CHAIRMAN. Very well. You can furnish the correspondence to the committee. The committee will have copies made for the record and the secretary will see that your copies are returned to you.

In calling you to the stand the committee was under the impression that you had your recent correspondence with Mr. Baker with you, not that we had it ourselves it is absent from the files at this particular time. For that reason we want you at this juncture to identify the correspondence since the publication of the article.

Dr. GATES. The only missing letter is the one which Mr. Baker writes to me stating that he had not seen the Lawrence article which I described. His original letter is in the hands of the counsel for the committee. I was asked for that the other day.

(The correspondence referred to is here printed in full as follows:)

2016 MOUNT ROYAL AVENUE,  
Baltimore, January 2, 1919.

MY DEAR BAKER: In the January number of the North American Review you will find an article under my name upon "Mexico to-day," to which I invite your most earnest attention, including most especially the Meixueiro letters printed at the end, with their definite implications. And now that I at last have this article in print, I want to write you with all the seriousness I can command, recalling to myself all the high regards I had for you in every way in the years past, when we saw more of each other, in the sympathy of co-alumini and co-many other things in feeling.

You will recall my calling upon you immediately on my return to this country last May and the few minutes' talk we had along the lines of the present printed article. You closed the talk by wishing to renew it more at length, saying you would send word to me as soon as you could. I did not, however, wait upon this to put myself and the results gathered on the year's trip through Mexico at the service of the administration, but at once went to Col. Van Diemen, upon whom Maj. Campbell, of the embassy in Mexico, had urged me to call, and at his request went over the matter in long detail with Capt. Keppel the afternoon after seeing you. This was followed by other visits from time to time later.

Some time later I came in touch with Mr. Leland Harrison; we had an extended talk, in which I read him the Meixueiro letters, and at his request also handed the much longer review of the matter I then had written out and of which this North American Review article is but a part. On returning the paper later Mr. Harrison said he had "passed it further" for reading in the meanwhile. He also at our first meeting—September—asked me whether I did not think the anti-Americanism of the Carranza party—as to which with the opposite pro-Americanism of the others, the opponents of Carranza and Carrancismo, he at least impliedly granted what I had said as quite correct—whether this attitude of the Carranza Party had not suffered modification "since July 18." I answered I did not believe so; the roots went deeper than that. He then asked me if I would not like to go back at once to Mexico, since it was clear I "had the entrée" that got me across with the Mexicans—to bring my information of the previous spring up to date, to see especially whether the Carrancistas had suffered such change of heart in any substantial manner—the attitude of the others being conceded. I answered I saw nothing to be gained by such a trip, but would be glad to place myself unreservedly at the service of the administration if it so desired.

At the date of this talk with Mr. Harrison the copy for the article was already in Col. Harvey's hands for appearance in the October number. I wired at once to hold it back until further directions; it was obvious its publication would impede the service Mr. Harrison suggested I might render. I held the matter in statu quo for some time, giving Mr. Harrison time to consult with Ambassador Fletcher on his last visit to Washington as to the usefulness of any such trip as suggested. And the matter terminated, I confess, to my relief. Not, however, without a number of further talks between Mr. Harrison and myself, on which I was able to pass on to him various pieces of information—everything, in fact, of which he might make use in the situation.

As to this matter of specific items of information, there is one incident which I think should be noted. About a month ago I had occasion to call at Mr. Lamb's office in the Customs at New York on a small personal matter. Quite casually he asked, "By the way, do you know anything about a man named Habermann in Yucatan?" "Certainly, he is the leader of the Bolshe-

vikl." "Good. We will stop that package here of cards for the Ligas de Resistencia marked for export to him."

This Habermann applied for a passport here about the time we declared war. Without waiting action on the application he slipped over the border into Mexico. Our people heard that he was maintaining an anti-German attitude and speaking everywhere for us. All perfectly false and sent back to mislead us. But we had no "goods on him" nor enough information to warrant Mr. Lamb's action until I "happen in." All this Mr. Lamb told me.

A few days later I was in Mr. Hengstler's office in the State Department and just as a bit of news told him of the incident in Mr. Lamb's office. He broke into a smile and said, "Humph, that is news that I want also."

Now, this is placing not the slightest discredit upon either Mr. Lamb or Mr. Hengstler. But they were the two Government officials whose business it was to know just this thing. Habermann and Felipe Carrillo are the center of the whole anti-American business in Yucatan; it is public knowledge down there, easy to get at and verify without the least trouble, and I can verify it to you by much more than my personal information.

But even our officials whose office it is to have all such information have not got it. The reason, Baker, is just this: Having recognized the Carranza government, information to its discredit is not desired, and certainly not sought. You may answer me that I do not know what information our Secret Service has gathered. That is perfectly true; I do not. There are beyond question many reports in its files of which I know nothing, can know nothing, have tried to know nothing. But I have talked with a great many people in both Mexico and this country in the past 18 months. I am satisfied that our service agents do all they individually can; and I also know positively that some of our people have told the exact truth in unmistakable words in confidential reports—which remain bureaued. Others, including the consul at Progreso, see nothing.

I am writing this letter, Baker, simply to put on record to you that both in Mexico and since returning to this country I have put my information and services wholly and first at the disposition of the Government, if it wished them, including these most important Meixueiro letters, and a great deal more.

But we are moving as inevitably toward an insoluble situation with Carranza as we did with Germany; friendship and cooperation is as impossible in one case as the other. You may disguise it as you please; may try to be optimistic in face of all the facts, and the conviction of everyone, in and out of the Government, who knows them.

We are facing them with a situation something like that in Turkey. I did not meet Ambassador Fletcher in Mexico—he was in the United States all the time I was in the capital. But I said one day to Mr. Summerlin, in an effort to phrase the situation diplomatically, "In fact, our trouble is that Von Eckhardt has no diplomatic scruples and we have." To which Summerlin answered, "Exactly." Of course that could be taken to apply to our action or nonaction in a "neutral?" country in war matters; but I meant it to cover the broader American questions affecting the whole future welfare of the continent, wherein Carranza is our enemy, and I am inclined to consider Mr. Fletcher an able and capable diplomat; he plays the game very smoothly. But he plays it quite like the Austrian Pallavicini in Constantinople, so deeply schooled in the old-time formalities (which were manifestly being intentionally exploited for the purpose) that he could not call on any one but the dummy foreign minister, even in the name of humanity to save millions of lives.

Our ambassador was different; he was the true American, when humanity or great need called, mere formal precedent had to yield. To such action Woodrow Wilson must be the last man to object—equally with Roosevelt. We were at peace (?) with Turkey, technically, and stayed so even when she openly aided Germany; the matter of the Armenians was absolutely none of our business; it was an interior matter; but as Morgenthau has confessed in his last installment, he not only took steps wholly outside his formal province to do with the responsible Turkish heads, but actually saw to it that the truth got publicly known in the United States. And when he was charged with it in Turkey he openly acknowledged it.

Ambassador Fletcher has played and is playing the Pallavicini part in Mexico.

If America stands for anything in this world, it is that thing which has been represented by Morgenthau and Whitlock and Hoover, which freed Cuba, and in a crisis saved China, in the name of humanity. Mexico is crying to us for salvation, not by intervention, but by mere recognition of the facts. I have

barely touched the fringe in this article in the North American; and I know; I have seen and gotten at the documentary proofs. In a way far superior to that in the case of the Armenians far in the other hemisphere, and long difficult to come at the facts we are responsible for Mexico's destitution or health. She is also at our immediate border, and the facts are waiting for a very little effort. The consequences also are all set on the stage to influence for good or ill for indefinite decades into the future. And not a word comes out. I assure you, Baker, I am writing with the utmost seriousness; the responsibility must some time be accounted for—not so much politically as for humanity, and the future of all America.

Since returning to this country I have talked the Mexican question with every kind of person; the interest is only equaled by the universal confession of a state of noninformation. This is a democratic country; I know you of old as to your devotion to that, and its implication of public opinion as the ultimate savior for right action. Public opinion, as has been said, when fully informed, rarely goes wrong; when only half informed, rarely goes right.,

And I want finally to recall your attention to the two letters I wrote you in June, 1917, just before starting from California for Mexico, and showing my then prepossession in favor of Carranza, and not against him.

With the very best regards,

Most sincerely, yours,

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WAR DEPARTMENT,  
Washington, January 7, 1919.

MY DEAR GATES: I have your letter of January 2, and will take great pleasure in reading the article in the North American Review. I am also glad to know that you made contact with the State Department and with the Military Intelligence, so that we have the benefit of your observations and reflections on the situation in Mexico.

Of course, I owe you an apology for not having made an appointment to personally go over the situation with you, but the European problems have absorbed my time exclusively; and after all, the things you observed are more immediately appropriate for the State Department than for the War Department. However, if you feel that there are still some things which ought to be gotten to the State Department through me, and any opportunity arises for you to come to Washington, I will be glad to see you either on Thursday of this week or Tuesday of next; between those two days I shall, for the most of the time, be out of Washington.

Cordially, yours,

NEWTON D. BAKER, *Secretary of War.*

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2016 MOUNT ROYAL AVENUE,  
Baltimore, January 21, 1919.

MY DEAR BAKER: The clouds are gathering steadily over the Mexican question, and as the clipping bureaus supply me I find one thing above all which seems to me to impede a statesmanlike and proper solution—the fact that whatever the writer's point of view, "all Mexicans are alike" to him, and the solution sought is a mere reaction to his interest or prejudice.

In our encouraging talk of 10 days ago we broached a point which affords a clue through all the devious lines of action and party. I am going to delimit those divisions more definitely and succinctly than our time then permitted.

Keep as your fundamental the three great political divisions, always marked under conditions of stress—ultra to conservative; moderate; liberal to ultra-radical.

Mexican patriotism is as varied as the spectrum. The reaction to exploitation and dictation from abroad (which goes back to the conquest) is comparable to our past "bloody-shirt waving" and lion's tail twisting. It is always vociferous; it is political; it is the Mexican jingoism. It really is characteristic of a very small part of the people, though its seed is there to sprout when stimulated. I have heard different people estimate this troublesome class as, say, 150,000 in the whole Republic. At the present time they are the anti-Saxons, the anti-capitalist syndicalists; they control the press in Mexico. They have been and still are pro-German. They do not want democracy. And they forever wave the Yankee peril. Generally they are Jacobin; now anti-all religion.

At the other end is an equally small class politically, but also important. This is the propertied, haciendado class, at the same time the "very Catholic."

Wherever I met that combination, Hacendado plus very Catholic, I find a complete lack of the anti-Saxon spirit—going to the extreme of desiring American control. I have in my possession letters written by the official representatives of this element, proposing an American financial administration or protectorate, a sort of Platt amendment. I had these in Mexico and took them as topics in conversation; I found them an unfailing touchstone.

This element is totally lacking in political Mexicanism. Members of it in Yucatan asked me whether we would not take Yucatan in. In Mexico this class is that which feels itself Spanish; Mexico is its "estate." It has many members in this country now (naturally); I am on intimate terms with a number of them. One of them lately told me they expected to be back on their haciendas in two months, annuente Washington. I was shown a code message saying that Ambassador Fletcher had agreed that "the operation" on our sister should take place immediately, at Manuel's house; Fletcher being referred to as "Dr. Arrow" and Manuel's house being the oil district under Manuel Pelaez. This was shown me in good faith by a man who believed it as veracious—which I, of course, did not. I later learned that I was myself being quoted in Mexico City as authority for news that Washington was willing and ready for action to overthrow Carranza and restore the old Diaz régime; I having at that date not even written a single letter to anyone at all. I had to take immediate pains to have it squelched.

This element has representation in this country, I being on cordial terms with them, as a friend in general of Mexico, and socially acquainted with so many of their friends and relatives there. This fact limits much of what I might say, but I can say that they have expressed great hopes to me of securing most ample funds for direct action in Mexico, and have a candidate whom I must not name. Names of favoring (?) members very high in the Government have been given me, as was the Fletcher story.

At different times people from Mexico have shown me their claims on behalf of this party. At present they claim to represent "all the elements in the field" except the Felicistas. Some months ago this claim was made to me, as supported by verified credentials emanating from the military leaders. Since my good will was desired, these papers were shown me. They were not good. From knowledge in my personal possession the signers were not qualified. They claimed to represent Zapata; the man who signed for him was an unknown; knowing Zapata, that he should be yielding military authority to a "Catholic-Hacendado" party, which he had been fighting since 1909, needed more than that. I was told that the State forces of Oaxaca accepted the "new unified command." The signature indicated to prove this was that of an unknown man, signing for Higinio Aguilar, and the "others of the south." Aguilar is a general under Felix Diaz, and to my positive knowledge has no authority whatever to sign for Oaxaca. Gen. Melxuelro gave me most specific tests to verify anything claiming to come from him. All these claims are to get money and standing and assistance from Washington.

In immediate alliance with this element is the ultrachurch party, whose object is restoration of a church régime. This element may be called the high finance church party; it will be found in alliance with any element in the United States that will pull off intervention and make "business safe."

One point here is of special interest. Whenever I have met one of this element—that is, the Hacendado plus the very Catholic—even in ordinary social intercourse and ventured to take the part myself of the Indian as "fit for something," the temperature always dropped so fast I had to change the subject quickly. In response to my North American Review article, in which I say a very little in that line, I received a flattering letter, but correcting me on that point. I am given a long argument to show that the Hacendados and the whole Spanish conquest were the benefactors of the Indians. "I am merely asking for justice for the much-abused landowners—under Diaz we were the oppressed, not the Indians."

We thus have a limited "vociferous" class, which makes war on "the exploiters," and the Saxons above all, by every means of to-day—Pan-Latinism, confiscation of all the properties class of 10 years ago, by some form of so-called legislation, under a military dictation that bears no resemblance to democracy, and is developing the present situation out of which forceful intervention for dollars is held to be the only solution. And then we have the opposite class, not vociferous, but with a very definite "voice" in things. These two classes act and react in this country. The Ashurst resolution, the "make Mexico pay,"

etc., are the natural counter expression of the jingo Bolshevism across the border, and both are oil on the flames which Wilson hoped to put out.

Between these two lies the great mass of the Mexican people—voiceless. By the Carranza control of communications in Mexico, by the fact that they have no representatives in this country and do not maintain a propaganda, as do both the others, they are unknown to exist. But they exist in Mexico in the great mass of the common people, in the great incountry stretches from which no word comes, and in the armies in the field against Carranza. It is not true that the forces in the field are united under Gen. ———, and the Partido ———, which seeks to bring in Señor ——— by a cuartelazo, having arranged things with the banking house of ———, and given the nod by ———, who is said to speak for his kinsman, a certain cabinet officer. (Of course, I am giving you this in the strictest confidence.)

The forces in the field are fighting to verify the revolution which Carranza and Alvarado have exploited to their own ideas. All this great middle class, and this field aggregation of separate forces, is opposed to an American protectorate but anxious for American help to rebuild Mexico. They are not anti-religion nor ultra-Catholic; generally stated, they are Catholics as their religion, but not as their politics, and eternally opposed to a renewal of church domination and to the abrogation of the laws of reform of 1857, which effectively separated the two (this abrogation being a specific object in the plan of the ultramontane party).

This middle class and this revolutionary class is led in Mexico by the main military political units, as I told you, Zapata, the State forces of Oaxaca under Meixueiro, and the "reorganizing army" under Felix Diaz, and quite effectively controlling the greater part of all southern Mexico, starting from Tamaulipas (in contact with Pelaez) down through Vera Cruz and Tehuantepec to Chiapas and Tabasco. I can place in your hands their political program in full; comparing it with those of the other two it is seen immediately to be a moderate, balanced solution, which only needs a standing ground to begin to rebuild Mexico by Mexicans. (But here I must frankly say Mexico is sick and destitute, and we must stand by.)

This third, the moderate, element is substantially voiceless in this country. Felix Diaz has an official representative in New York; he was the chairman of the Mexican division of the foreign language committee on the fourth loan, being chosen for that after the Carranzistas in New York refused to take part in the matter. There is no one to speak for Zapata officially; though from my intercourse with him and his people I can bridge that personally or tell what I am sure would have his support. The Oaxaca sovereignty and Gen. Meixueiro have no propaganda, but can be spoken for here.

The claim of all the elements opposed to Carranza is that his 1917 constitution is simply a nullity. It was adopted by a packed military convention of his supporters; I have in my possession public posters prohibiting the election to office of anybody "opposed to the present administration" as evidence of Carranza democracy. By elections under such conditions and armed control of the poles legislatures and a Congress were inducted, out of which came "extraordinary authority in legislation or matters of finance or war." That is Carranza and his appointed governors have ruled by fiat decrees of their own. The 1917 constitution has never been ratified by the required majority of local State legislatures, and hence either as a reform of the 1857 or a new constitution by its own terms is still only "operating" but not valid.

From all these grounds the revolutionists, opposed to Carranza's anti-Americanism, pro-Germanism, his military dictatorship, his total failure to settle the real interior questions of the revolution—freedom of elections, local municipal freedom, the land question, etc.—simply stand on the Carranza constitution of 1917 as a nullity. That position on their part in itself would solve all the present intervention danger; for it would go back to the status of law instead of the confiscation plans that are making all the trouble.

Of the various cooperating military elements those in the south have definite plans and platforms of reconstruction, which with help would rebuild Mexico and give democracy a chance. All of these I have in my possession. The various military elements around the west coast, the north, and down the north-east, and in communication and agreement; but they are not fighting for the restoration of Cientifico-Catholic control, as my friends of the first class above constantly assure me.

The revolutionary forces dominating in so much of the territory have whatever de facto position that involves in such cases. Especially in the south



they are maintaining peaceful normal administration in large reaches of the country by the support of the country people and without large standing or moving forces. It is a sort of minute men proposition. Zapata has administered his territory in the State of Morelos and adjoining parts as to make a de facto administration; the Felicista control is mainly a military protecting and operating organization, save in Chiapas, where over a large part of the State it amounts to civil administration, under Gov. Pineda. Among these cooperating elements, however, the State of Oaxaca occupies a unique position, from the de jure standpoint. Once admitted the nullity of the Carranza dictated but not ratified constitution Oaxaca stands out as the one sole representative of constitutional legitimacy in the Republic. For the Government there is that which was duly elected and installed by peaceful elections in 1914. The term of Gov. Canseco ended December 1, 1914; Guillermo Meixueiro was elected governor, but resigned for other service, on which the legislature selected another man who has since then, with Meixueiro's aid as general in command of the State forces, continued the administration. To bring this down to date read the Meixueiro letters at the end of my article in the January number North American Review.

As you know I am against intervention in the most positive manner, you will not misunderstand the following summary of the attitude of the many Mexicans toward us. Those who are thinking of their property interests want intervention and a protectorate. The ultra-Catholic party want to make Wilson their spokesman "for religious liberty." Both the foregoing are few in numbers, but powerful, and with manifold connections in this country. The 150,000 jingoes want to follow Lenin's example; it is they who (with German and syndicalist aid) shriek nonintervention and the Saxon peril. Their patriotism is the "chip on the shoulder," which is not patriotism at all. The great middle mass, with some education, love their country, and do not want intervention, but help and friendship, for which they will give friendship. The ultimate mass, the Indians—the 60 per cent or more—would welcome us as new and "trustable" masters. They are not after "patriotism" and sovereignty, but bread and a chance. It would be only a change from oppression. We would try to make the Indian a man; no one else ever has.

So we see how the danger point lies in just that summing them all up as "the Mexicans," while our ears and newspapers are filled only with the news of those who have the door to a hearing—the vociferous and the soft voiced, we can call them.

Am going to New York to-morrow for a week; if I dig out anything worth while, will advise you.

Most sincerely, yours,

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WAR DEPARTMENT,  
Washington, January 23, 1919.

MY DEAR MR. GATES: The Secretary asks me to acknowledge your note of the 21st and the very full information which you have outlined regarding the present political divisions in Mexico, which he is very glad to have.

Cordially, yours,

STANLEY KING, *Private Secretary.*

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2016 MOUNT ROYAL AVENUE,  
Baltimore, January 30, 1919.

MY DEAR BAKER: This is a letter which for every personal reason I do not want to write. In the first place, I have put 18 months solid upon this Mexican political condition; I am tired, and I want to get off and do many other things which are good to do and waiting. With the completion of the series now running in the World's Work, I will consider the trip at an end, and then mean to go off into northern Canada for some months to build up, and then in the fall to interior Guatemala for work among my Indians there, both archaeological and sociological.

Also, this letter will have to look like the million others written to this or that Government official. This is the hardest reason to get over; but I am going to remember that ever since first knowing you I have spoken of you as one of the very few men with whom I could always lay the cards out on the

table. And at our last talk you closed by saying I was the only man you had talked Mexico with who did not have an interest. And so because the subject is so important and critical, I have to sidetrack the weariness and the distaste and write the letter.

To do it I must put all the cards on the table, including this first: You know I am a Republican and a Roosevelt Progressive one. In my preference for you and Johnson in Cleveland it was as against Hanna and "politics for business." You and Johnson cared to do the good things—as McKissoon only wanting to get the credit for seeking it. I voted for Roosevelt in 1912, and would have done it again in 1920. When 1916 came I charged Wilson's intervention with the entire responsibility of Mexico's desperate condition. But notwithstanding that, I voted for Wilson against Hughes, because I saw coming under the latter the same phenomenon as Lincoln saw coming after the Civil War—business expansion in the reconstruction era, with the swollen fortunes coming from the war, going out and buying up the weak countries. On the one hand, Wilson's refusal to permit American banks to join in the international tying of China; on the other the "purchase" of Nicaragua. In spite of the practical failure of the Mexican policy, I still chose Wilson for his principles, seeing in Hughes the "made" candidate of a new and overwhelming world-wide dollar diplomacy.

What I did in Mexico you know. I did it not because of interests, for I have none; but because I care for my Indians; because they can come back; because they are the great bulk of the population and are not an "inferior race"—only a suppressed one; and because their economic regeneration means the peaceful solution forever of the Mexican-Central American problem. And I do not suppose I have to say that Carranza will never do it.

Since returning to this country I have talked with every class of men, from Boston to Washington, Wall Street men, men in the service, newspaper and magazine room, and from Sagamore Hill to your office and Leland Harrison's. I did this to get in touch with American sentiment (or American ignorance) on Mexico, and also to try to find one special thing—the point of view of the statesman or the publicist—the care for the results.

In the current Editor's Desk in the World's Work they say they were attracted to my articles because they were "the first that seemed to make the situation in that distracted country intelligible, causing to emerge a picture of Mexico that actually makes sense—that does not leave the impression that Mexico is simply an eruptive volcano of political lunatics and strange monsters, called foreign exploiters; but a real people, who, though badly led and suffering from inherited wrongs and ignorance, really are fighting their troubles with some intelligence and with some hope (under helpful guidance) of ending them."

I have been trying to find that viewpoint here. I have found it in a quite encouraging number of cases, but they are an insignificant number in the whole mass. And New York especially I find almost wholly submerged in the "trade" standpoint; almost nobody either believes in Mexico or cares for her. I could get millions to reestablish business in Mexico, and plenty of it speculatively in anticipation. But I do not remember a single man who has wanted and been ready to do something for Mexico—except Ford's tractor-gift scheme, which, from ignorance of the state of things, is misdirected, as it would only have the fate of our Red Cross in 1915—the generals would profit and no good reach those in need.

The American people do not want intervention, but public opinion, and especially all newspaper opinion, is going toward it overwhelmingly. Mexico is coming on the first page, and is going to face Wilson when he returns. The reaction between Carranza's whole conduct of flat enmity, the hundred and more slaps in the face which, if you ask the M. I. D., they can tabulate for you (though still unpublished lest the public opinion become irresistible), the King and Ashhurst resolutions, the "Make Mexico pay," and the association of \$2,000,000,000 of investments, American, Canadian, and English—all these things are setting the stage against Wilson's return. And the keynote is going to be force. Everybody is going to demand that we "clean up the Mexican question"—which simply means that we once and for all assert what amounts to a Platt amendment status, to the permanent lesion of Mexico's independence of action—the one thing of all that hurts—and which Wilson has been against.

I am getting the Mexican papers, and also private reports; they show desperate efforts to report victories and the surrender of the revolutionists. I have talked here with Carranistas with whom I am friendly, and his situa-

tion is getting desperate, and he knows it. The amount of lies that I get, which I know are lies, is amazing.

In my last letter I gave you the picture of the three Mexican elements. They correspond to three courses of action. There can be only three: Leave Mexico to Carranza—that we have been doing, and it is breaking, after reducing Mexico to an abyss. Take it in our own hands—intervention and superior supervision, whatever you call it. This is desired by an increasing group of "interests" and by the unpatriotic Mexican element—of which I wrote last. Or, third, cooperate in a rehabilitation with the decent class for the great needy class. During these past years Carranza and the dual censorship have built a Chinese wall between us and that third class. Now, against Wilson's return the pendulum is swinging, and the other class, the Mexican-American interventionists, are about to step once more between us and the real Mexicans. The great plain people never get a say—and you know how true that is—the demagogue and the exploiter are always there, but only in the rarest cases a Tom Johnson, who both knows and cares, and gets on the job.

Now, Baker. I am tired and want to get away from it all; my articles will soon be off my hands, and they are going to do just what the editors say—they will prevent this question "popping in" in a state of complete noninformation; they will give the public something to orient itself by; they will make the thing "understandable," will arouse some public sympathy and American good feeling, fellow feeling. For one thing, I am planning to include a detailed list of how Mexico through her whole history has had to pay millions for a few thousands advanced (usually corruptly) and then stolen; how her first loan was put out at 32 per cent; how 145,000 grew to 1,971,000, to 15,000,000, and Maximilian; how Henry Lane Wilson's and Wilfley's (etc.) swollen claims against Madero shrunk. When I have done this my job is done. I will have redeemed my promises to those plain, sincere people I met through all Mexico, Zapata, Melxueiro, and the rest—and spoken. I will have given a voice to that part of Mexico which has been inarticulate and for whom no one has given his work.

I said I would put the cards out on the table. When in Mexico I believed I would be on hand at the psychological moment for one of two courses—to provide Wilson with the needed proofs of the conditions, to support the necessarily coming change of policy we heard of a year ago in Mexico (after the sudden discourteous departure of Luis Cabrera) as being already then realized in Washington; or else to force Wilson's hand in his support of Carranza, by the facts made public. I got the goods; and I am wholly frank to say that after all I saw of Carrancismo in Mexico I would have done all I could by publicity to force his hand to a change, if that were the only thing left.

But courses have worked otherwise; it is other forces that are bringing things to a climax. It is not I who am developing the situation by what I print; others are doing that—while I have brought back the data and made the connections that make possible the third solution. And in spite of all, that is what I am sure Wilson wants—and, too, I do believe he is sincere.

When I saw you three weeks ago, you asked what would I do were the making of policy in my hands. I said I would prepare what way I could for a cooperative rehabilitation, not offensive to Mexico's dignity, with the decent non-Carrancistas. You asked whether they would not again split up when they came to power; I said if we could find a way to make ourselves a central stabilizing factor, without actual political domination, and if economic rehabilitation for Mexico's good were immediately gone at as a fact, it could be done.

The great danger at present is that things are going so fast between the Carrancistas, the rising revolutionary force, and the move for intervention, that there may suddenly be no time left for the preliminary negotiations that must take time. And since leaving you I took upon myself unofficially to make those preparations.

Carranza falling, we must then come to deal in the Mexican affairs, with his present opponents. You then appoint some emissary, who sits across the table; the negotiations are official and dominated according to circumstances by one of two factors, up to this date not arrived. If the revolutionists in the field drive Carranza out of the capital, they are in a position to dictate terms, in some degree. They will no longer need us for their main objective. If conditions force us to take the upper hand against Carranza, we become the dominating factor *de facto*. In either case, the resulting intercourse will be official—between two distinct interests, ours and theirs.

You know my relationships with all the different Mexican elements against Carranza; all regard me as their friend, receive me as one of them, and in desire to promote rehabilitation with cooperation and without intervention. As the Científico element wants a financial intervention and protectorate for their personal interests, I have not gone to them. But I have gone to the others and asked them to draw up what we might call a memorandum precedent to a protocol of cooperation in Mexican rehabilitation. I have spoken as one of themselves, in a way no official from the Government could do; have said they must go to the very limit of the edge of yielding American supervision, still saving Mexico's dignity. That the plan must be one that would command support in Mexico and give confidence in Washington and New York. I impressed that they can go much further with full grace, while the initiate in preparing such a plan is with them.

This memorandum is now under preparation. I wrote about it at once after my talk with you three weeks ago, and have just been over its main lines in conference in New York. The future lies with the gods, but the memorandum does give a way out. It will imply political sanction but is economic in essence, and does provide under very effective guaranties and a central stabilizing factor for the actual economic rehabilitation of Mexican industry and agriculture. We are going further than a mere statement of principle; we are providing for immediate action. As we described it, the politician's objective is attained when he assumes office; the engineer's only begins there. This is not a proposition by the statement of which one hopes to be helped to get the Government in Mexico; it is a plan of reconstruction, an operative plan, not just one to get into power and control. And it includes the actual doing of those things for the Indian and common people of Mexico which I want to see done. We are working out this plan just as if we already had the power and were about to begin. We are seeking to save Mexico's independence and yet meet every sound business requirement. And (most hopefully) we are agreed that the dignity question is essentially one of form and wording.

This memorandum is being prepared at my instance and with my cooperation. I have specified a number of things as details, to which all have agreed. I am doing this wholly unofficially, so far as you are concerned. I can say to my colleagues, "We must do so and so," and they can accept without loss of grace, for I am working on their side, not yours. And we are trying to offer what both Wilson and New York will be able to accept—Carranza once out of it.

In these past 18 months I have done work ahead of time and intentionally to meet this crisis which now comes. The administration was tied officially by its relations with the Carranza Government. I have made all the connections with all the other Mexicans which will carry forward Wilson's policy. I can get more concessions from Zapata, from Felix Diaz, from Meixuelro (and that means the whole revolution) than any official you can send, just because I was there as their friend, believing in them when you did not. I can not help a jot while Carranza lasts, save by helping public opinion to understand; but with Carranza out, I can accomplish for the work what no one else can—not because of any great ability, but because of these friendly connections I have made in all these 18 months and my present intimate knowledge of all the factors—all which now there is no time for another to do.

When I last left you, you said in parting that you would send for me "when it pops." I have been doing this other thing since, that the bridge might be actually constructed ready to throw over when it does. This is all going to rest on Wilson. There is not another man I could write to as I have here to you; it is possible even you will think it exaggerates. Do so if you will. But I know it does not. I want to quit and rest, but I can not do it honestly without writing you clearly and finishing the memorandum as at least a starting point for new action when that becomes necessary.

And so I write this. When the memorandum is in shape, I want to put it in your hands with whatever conversation is required. With it I want you to have mainly my three articles, the one in January North American Review and those in February and March World's Work. When the case comes to issue, that you lay it before Wilson. It is then with him, and I am out.

Most sincerely, yours,

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2016 MOUNT ROYAL AVENUE,  
Baltimore, February 23, 1919.

MY DEAR BAKER: I think the inclosed copy from a letter I have just written will interest you.

Yours, sincerely,

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[Copy.]

In regard to your idea that I would have done better not to be quite so plain in saying that Wilson's Mexican policy had failed completely, "because the only way to treat Wilson is to flatter him," I have this to say:

No one can possibly read my three articles without seeing that I am fighting with all I have for Wilson's 85 per cent, for our Indians, for the dispossessed small farmers, for the Mexican common people, whom I love—that I am fighting to give actual result and effect to Wilson's principles. To put it bluntly, I am fighting for Wilson, although against his policy in some ways, but chiefly against those who have betrayed the trust he placed in them. I can not show this without showing that he has not succeeded in getting what he sought.

I have listened to and read everything that has been said on the subject; I have been through all this as no one else has. I have heard everything said against Wilson—that once he makes up his mind he simply will not listen to anything; that he will neither take advice nor hear testimony; that he will have no man who is not a "rubber stamp," and all that.

I disagree with him vitally in many ways, but I voted for him in 1916. I am a Republican. I was here at the Hopkins when he was in 1885, but I do not remember meeting him. I do not know the man. He has his ways, and in politics I do not like those ways. But I am not going to believe—on any evidence that I have yet—that the only way to treat him is to flatter him, and that, therefore, I should be silent on a question like this. If he is that kind of a man I will not be silent anyhow; but where it comes to the heart of the case, as it does here, I will not be silent for fear he may be so.

And can anyone deny that Wilson is being faced with an impasse because of facts which no one knew to exist when he gave Carranza support. Earl Grey hoped for peace in Europe because he could not see the menace which was then unknown to the world. Many men's policies have failed in all these years.

You may be right, of course; yet I still do not believe it enough to keep silent on what must be told in order to save Mexico, and those very people whom I am wholly satisfied Wilson wanted to serve. And again remember, at bottom of my platform is Wilson's—the Indians, the 85 per cent, the land, peace, and friendship with Mexico. Carranza is only the incident, the obstacle. What I think of Americanism in business is all clear in my last article; Wilson himself can not accuse me of pleading the case of the "exploiters," either Mexican or foreign. On the contrary, the only criticisms I have received—out of many appreciations on the articles—have come from Cientifico friends who complain because I talk of justice to the Indians, and who claim that they—the large landowners—"were the oppressed under Diaz, not the Indians." Also, from some friends connected with some of our largest interests in Mexico, who "correct" me on what I say about Henry Lane Wilson and his circle.

Of course, I hope Wilson will see and read my articles when he comes to be faced with the now-focusing problem of "rehabilitation or intervention." They are too full of facts which I know have not reached him. But if the result when he does depends on my suppressing things just to flatter him, he is not the man I am still sure he is. And if he were, I would not do it anyhow. I will not keep silent on the heart of the truth, where it is my place to speak, and where, as in this case, I am the one man who by reason of past years' work and 18 months intensive travel and work can talk—and still have no "interests" whatever, yet have covered all the phases and party lines.

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2016 MOUNT ROYAL AVENUE,  
Baltimore, July 6, 1919.

MY DEAR BAKER: Here is a letter I wrote you last January, and did not send; it is more live now than then, so I send it.

I have been called by the committee on the coming Gould H. R. hearing on Mexican affairs for what, I am told, is to be extended testimony. The matter

is political dynamite; I was given undeniable proofs recently in Canada of what I received much previous evidence on here, that Wilson promised Balfour and Borden some little time ago (just about the time, as I understand, that Blanquet sailed for Cuba, and the Monroe doctrine clause was added to the league covenant) that he would put an end to the present hopeless condition in Mexico. Notwithstanding the known "good standing" of Limantour and the other old Científico elements in European capitals, and the general hint of "high finance" and a new practical protectorate, all involved in what I hear in New York and elsewhere, I will never believe that Wilson will yield the destinies of Mexico to that element. For this reason I do not desire that this Gould hearing shall put me in an antiadministration light or attitude before Wilson has a chance to settle the question (let us hope, now, once for all) for the benefit of the Mexican people.

Nothing can now possibly save Carranza or his whole régime. But the alternative—rehabilitation or intervention—is still open for a very short time. People tell me on all sides that Wilson must come to intervention and, at least, a financial (perhaps also military) protectorate. I answer them, this violates all his principles of his whole two administrations and confesses failure, after six years' trial, right here, where he is extending those principles to world scope. To this they reply he will find some way to "explain it."

The effort, or one effort, of this coming hearing will be to take the solution out of Wilson's hands. I have seen and known of the coming of this hearing for some time, and have intended all along that when it should come I would go to you first for consultation. I still am satisfied the matter can be saved, with dignity on both sides, and I wish I could help.

Very sincerely,

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WAR DEPARTMENT,  
Washington, July 10, 1919.

MR. WILLIAM E. GATES,  
2016 Mount Royal Avenue, Baltimore, Md.

MY DEAR GATES: I have your letter of July 6, inclosing the letter which you wrote me on January 30 but did not send at that time. Whether or not your forecast is accurate, of course only time can tell. I shall not forget, however, that you have special opportunities for information, and if the matter comes to a place where I should consult with you, I will let you know. Primarily, of course, all of this is a matter for the State Department, in which I, as Secretary of War, have not only no function, but have no right to intervene or to take any other than a citizen's interest.

Cordially, yours.

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NEWTON D. BAKER.

2016 MOUNT ROYAL AVENUE,  
Baltimore, July 11, 1919.

MY DEAR BAKER: I am inclosing you a translation of a document of which I have had the original autograph signed copy for a long time, but have never had the time to translate. As a protest against the illegality of the Carranza régime, and as a well-balanced State paper, issued by people who have been the only ones actually to protect their part of Mexico from lawlessness for these four years, I think it is of such importance now that it should go directly to the President's own hands. You can, of course, do this, so I send it to you for that.

I have yours of yesterday answering mine of the 6th. I do not think I quite want to agree with you that all this Mexican matter is just for the State Department, so that you, as Secretary of War, have not only no function but no right to intervene or take any other than a citizen's interest. Diplomatic intercourse with the Carranza administration is, of course, a direct function of the State Department; but the Mexican matter in its present condition, involving the immediate issue of military operations, is rather a matter pertaining to the President and his Cabinet, wherein you, as his close personal intimate no less than his Secretary of War, have a very lively interest and intervention.

Whether the coming necessary solution of the Mexican question shall be one to antagonize all Mexicans as such, or shall recognize that there are other Mexicans, besides the Carranzistas who are equally their enemies and ours, is

an administration matter in the broadest sense. And it, with the resulting indicated issue, is and will be also a matter concerning Congress. None of us, almost least of all you, can have a mere citizen's or inactive interest—inactive I mean of urging counsel where the doors lie open to us, as to you in the Cabinet they do.

If the thing should come to what, for instance, the New York Times of yesterday foreshadowed, a request by the President for congressional authority to intervene by force, and if some such preparation is not taken to gain Mexican good will and cooperation, instead of driving many again to Carranza's side, "to resist the foreign enemy," and everywhere in Mexico now controlled by the Carranza forces, American and other foreign men will be killed before we can reach them with our protection, women will be worse than killed, and property destroyed which should remain intact to the rehabilitation of Mexico. These dangers are the subject of my past letters to you. They are matters which you will necessarily, in your official capacity especially, have to discuss with the President. And I have addressed the letters to you because on the one hand of my long-old high regard for you yourself and because you happen to be the only Cabinet member I know—and I have no taste for hunting Government officers.

With sincere regard,  
Cordially, yours,

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WAR DEPARTMENT,  
*Washington, July 15, 1919.*

MY DEAR GATES: Gen. Churchill to-day handed me your letter of July 11. I have read the paper of which you inclosed a translation and will be glad to bring it to the attention of the President and the State Department when an opportune time comes to discuss the questions to which it is pertinent.

Naturally, it is my duty to get all the information I can about this whole situation, but clearly I have no right to express opinions or to indicate possible courses of action in such a matter, the whole situation being primarily one for the President and the Secretary of State. This does not mean that I in any way undervalue the importance of your fund of information, but it does seem to me necessary, to keep the record clear and to have definite understanding, that the only use I can make of any information given to me is to transmit it to the department of the Government appropriate to consider it.

Cordially, yours,

NEWTON D. BAKER.

Mr. WILLIAM GATES,  
*2016 Mount Royal Avenue, Baltimore, Md.*

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2016 MOUNT ROYAL AVENUE,  
*Baltimore, July 20, 1919.*

MY DEAR BAKER: A sentence in your letter of the 15th leads to a response which, although a fact, through the whole of the correspondence with you on this subject, I have not before thought proper to put in words.

First, I must say that I have in no case either tried to invite or even desire from you the expression of opinions or the indication of possible courses of action; such would have been both improper and untimely.

It has been both my desire and duty to acquaint you, as a personal acquaintance in the position you occupy, with essential matters; as it was a matter we hoped would never need your attention as Secretary of War, my purpose in all these letters and our talks has been that you being advised might in conversation communicate the data directly to the President and not through the State Department—a matter within your competence and privilege.

You say the only use you can make of the information I have given you is to transmit it to the department of the Government appropriate to consider it, that meaning what you say earlier, "the President and the State Department," and not just "the President through the State Department."

The key to the whole you will find in my letter of January 2, where I say, referring to the State Department, "having recognized the Carranza government, information as to its discredit is not desired, and certainly not sought";

with what I say in the same letter comparing Ambassador Fletcher with Ambassador Morgenthau.

I am fully aware and in sympathy with the necessities that hedge an ambassador; but those necessities are no reason why he should refuse to inform himself and his own Government of critical facts; there are certain polite generalities he may use, but that does not extend to statements he knows are untrue and other like methods.

When I was in Mexico and had seen for myself the state of things I was amazed at what I may call Fletcher's supineness; I said very little of it outside the embassy, but I did comment on it to your military attaché, who told me I should not criticize Fletcher because he was only following the lines Wilson insisted on, and that Fletcher himself knew all the facts just as I had seen and learned them for myself.

Now, Baker, I am not entirely too sure of all this. Many things counter it. Maj. Campbell dropped me a friendly, though unneeded, hint to stay on good terms with the State Department if I wanted to help Mexico by taking real facts back to Wilson; I said, "You mean the State Department does not like citizens interesting themselves until it is ready to change its policy?" "Exactly." On returning I found the same spirit. Naturally the State Department has to deal with formalities; It has been told to recognize Carranza as the Government of Mexico, and its idea was to work it out through Carranza—even though it has to be "more Catholic than the Pope" in doing so, and characterize all efforts to take thought for the coming storm and crisis as chronic opposition to the administration. There is a great deal in all this that makes me doubt most seriously whether it is all fair to the President. Some one (in service) in a late conversation where others of the service were present and I made a remark, "Oh, we won't put what we know all in the reports to the President;" and if some one wishes to he is told "The President don't want that kind of information."

I am only giving you State Department intimations, and correct ones as everyone in the military service knows. You do not have to admit them, but you know them; the lack of coordination between the State and War service is notorious.

And the point I am making is, I am doubting seriously if it is fair to Wilson. Though he is going to have to stand for its results. And it is not out of possibility that it may before long come to the question of whether Fletcher or Wilson is to "be the goat." Wilson has had his whole attention on the European end.

Here are two bits of information that you may accept as absolutely reliable: First, that Fletcher's real opinions on the impossibility of the Carranza crowd have been an open secret among his personal friends for some time, notwithstanding an absurd and needless laudatory interview he gave out. Second, that some time ago his friends—personal—suggested to him the idea that had he chosen diplomacy as his life calling he might have lost.

Now, the matter of my letters. Things being as above, and it being clear as day that things were going just as they since have gone, that Carranza was not a "government," but an outlaw, legally and actually; that he was our implacable enemy, and no stable, prosperous, and friendly Mexico ever could be built up under him; that Mexico herself was ready to be our friend, and take our help, given in a decent way—it was clearly laid on me in the unique position I found myself, as a neutral center of friendship among all the Mexicans save only the Carrancistas, to prepare by information and personal negotiation with them to meet the coming crisis. The State Department was refusing to do it, and was impeding its being done even in legitimate ways by the military intelligence. It was my clear obligation as an American, and the only one in a position to do that work, to do it in as prudent and diplomatic way as I could. That I succeeded is now manifest, for I did not even queer myself with the State Department.

It fell to where I could do it, and it was my bounden duty to do it. I was able not only to gather data and facts, concrete, from official and public sources in Mexico; to bring them into clear form by a study of the whole problem from its beginnings long ago—but I was also able to discuss with the various leaders of the main armed forces—legitimate constitutionalists and not bandits, home protectors and a peasant people fighting for their right to live and work—as to their attitude on all questions, including that of cooperation with us. It was my duty to go on with this against the time when Wilson should need it in just the present crisis.



If peace came with the retention of the Carranza régime, all I did was useless and to no end. But on the day that "the President and the State Department" (in whose hands you rightly say the matter lies primarily, but which means actually only "the President")—on the day he recognizes that, because of unrevealed purposes, as concealed then as were those of Germany 10 years ago, Carranza has betrayed both Wilson and the Mexican people, as well as democracy in Mexico—that day everything I have done, and done alone in this past two years, becomes completely justified.

I have been doing for Wilson the work which was the province of his State Department and ambassador to do, and which they refused; I have done it without compromising any person; my protection has been that I have been notoriously "nonofficial"; I have discussed these matters with Mexicans just as their personal sympathizer.

Further, let this be clear in the record: I have kept myself nonpartisan as between the various Mexican factions against Carranza. My files of correspondence prove this. I have no propaganda for any faction—and they all recognize that fact and treat me accordingly.

I have through it all played fair with my own Government; I have concealed nothing, have constantly cooperated with facts and as I could. I have sought one thing only—to find and concrete—in time—the solution for Mexican rehabilitation without armed intervention. The facts I have printed have helped. Word was sent me from the foreign colony in Mexico: "Give Mr. Gates our most grateful thanks; he has broken the wall of ice, and now the truth will be no longer possible to conceal, and Mexico can be saved; the State Department will now have to admit the facts."

When I began to publish the truth I dared the disapproval of the State Department if not its censorship. Now every paper, and magazine, and every Congressman, and one department after another is beginning to print, piece by piece, what I said months ago in the *North American Review* and *World's Work*. But with the printing also had to go on a special line of data and information to you, that you might be advised, and in the wish that you might transmit it uncolored to the President in person. I am writing very plainly, but this is a private letter even though to an official, and so, in a way, "part of the record."

Now, on this July 20, things are multiplying so fast I am fearing it may climax before it can be cared for. Let me, therefore, say what I must:

The day we openly (or even privately) acknowledge Carranza's impossibility all my two year's work is confirmed as that of a good American who could not go to France but did something elsewhere.

It is possible to form a new Mexican administration, by a coalition of all the decent and patriotic Liberal elements, who will initiate a policy of reconstruction, with our accepted help. This new administration can be made to command the support of all the main armed elements against Carranza; the State of Oaxaca and Mixeueiro, Felix Diaz and his supporters, the Zapatists, Pelaez, and even Villa and Angeles. I am not speaking by guesswork; I am qualified to speak positively. (Remember all these people feel kindly to me personally, for what I have done for them when no one else cared or tried.) To protect such a rehabilitating Mexican administration, a stabilizer center must be had; we can with our power and resources become that center, and yet in a way that will not violate Mexico's independent political self-determination, nor submit her to conscienceless and usurious financial control. Again I am not speaking carelessly. I am ready to be challenged to prove it—to Wilson's satisfaction. But I do not care to reach him at second-hand, for reasons stated.

As to the make-up of such a new administration, I am formally qualified to state that Felix Diaz would not ask to be made president (I think he would like to be free to stand later in a fair and open constitutional election, as is his undoubted privilege as a Mexican citizen), that the Zapatista element would consent to some one, a Liberal, not of their own party; that Pelaez has no thoughts of it; and finally that neither Villa nor Angeles will be an obstacle. Also that Mixeueiro, and I never even discussed such a possibility as for him, and I know he has never sought it; he has only been for over four years defending the homes, schoolhouses, and laws of his own people against destruction.

Remember again, this is not theory and hopes I am telling; I have been for two years trying to see it worked out; I have it where it can be proven—when the right call for it comes.

The only alternative about to be left to us, is to permit such a reconstructing administration to start, on terms satisfactory to us and beneficial to Mexico (and I already have a very definite outline of such terms framed and officially agreed to—against a possible possibility of such a case) or dictation by us, openly, with force majeure. Do I have to ask you which of these two alternatives I should have sought to prepare for, or which is "Wilsonian"?

Finally: Events are crowding. After all, it may be too late, as it so often is. Wars can be prevented, if facts are considered in time. But this may be now too late; and Wilson may be facing armed action.

I must make this as strong as words can make it.

Nearly all the foreigners are along the railroad lines, controlled by the Carranza forces, who are showing their temper these days. I do not have to recall the terror that followed all over, in Carranza lines, at the time of Pershing's expedition, nor the Vera Cruz time before. Now, with the Bolshevik element and the years of taking loot and blood since, if we announce an expedition, what will happen to foreigners and especially Americans, men and women, is as certain as that the sun will rise. If you make your determination to change things in Mexico coincident with such announcement, you bring this on, fatally. But if you want cooperation of the real Mexicans, welcoming you as Mexico's friend, and their effective protection of foreign lives and property, as well as Mexican, you can have it—if you will consider it. Again I am not speaking carelessly; you may challenge me to prove it to you authoritatively.

There will be some difference, in the future of Latin America, if we go in this as friends of the Mexicans, or whether to the final technical end we hew the diplomatic line, that there is no Mexico but Carranza, who has existed to her destruction.

I expect to come to Washington to-morrow, to stay several days, if the Gould hearing lasts.

Cordially, yours,

2016 Mt. Royal Avenue.  
Baltimore, May 24, 1919.

Brig. Gen. M. CHURCHILL,  
War Department, Military Intelligence Division,  
Washington.

DEAR GEN. CHURCHILL: There are so many sectors in the world a part of your province you can not read all that is written, but the March and June (just out) articles in *World's Work* contain so many particular facts related to the special work you have told me of, and the June article particularly might equally well be a Military Intelligence Division report, that I am hoping you can read at least those two.

The June article evades naming a number of guilty Mexicans, as to which I can well give you the actual names, and you should know them.

Beginning on page 219: The general who demands the 20,000 pesos with a pistol, was Heriberto Jara, a year ago in command in Vera Cruz; now Minister to Cuba. The cattle shipments, with a Nogales bank hint, refers to Carranza; this loot with other, said to amount to some six millions, is deposited for him personally in Japan, in Salvador and Argentina. The official at the head of the tariff evasions, and many similar tax frauds (for which very purposes excessive imposts are laid, that they may be brought out of) is intended for Nieto. The purchasers of the French exchange with canceled paper, were Luis Cabrera and Obregon. Pablo Gonzalez and Luis Patino, his immediate subordinates, are the men higher up in the gray automobile robberies; but a bit ago when the attack was getting warm they threatened to pass the blame "on up"—where it belonged. This I take more a threat by them, than positive evidence against Carranza; Carranza takes his in his way, on the north border and from German and other sources, and the army loot is "Army." Not mentioned in the article is the fact that Obregon is no cohead of the reds with Alvarado, as proven in the Felipe Carrillo papers I got track of in New York.

Please regard me as always at your service for anything I can do.

Very cordially, yours,

2016 MOUNT ROYAL AVENUE,  
Baltimore, August 6, 1919.

NEWTON D. BAKER, Esq.,  
*Secretary of War,*  
Washington.

MY DEAR BAKER: David Lawrence has appeared with an article, on its face inspired by the Mexican Embassy, and while charging me with having been "long a secret agent of the revolutionists in Mexico" makes another effort to discredit me as having claimed to have support and authority from you and from the State Department, which is "emphatically denied: Washington disavows him."

I have been writing to you on this matter for seven months and have had conversations with you. Through all this, one thing has been absolutely clear—that it was all based on what Consul Thompson in the Times for Sunday called "the most thorough study of Mexico under revolutionary conditions ever made by any one man, Mexican or foreigner." It was based on my belief resulting from that study (which I began predisposed toward Carranza) that Carranza had betrayed Wilson, was our enemy, and a still worse enemy of his own country; that he would have to fall, at which time we would either have to intervene by force and administer Mexico for ourselves or find some way of establishing a stable, honorable, and friendly Mexican administration; that steps preliminary to that end were diplomatically impossible, of course, while we continued recognition to Carranza; but that I in a wholly personal way, without having and just because, I could truthfully say, I did not have any official connection or authority from our Government, could of my own motion keep in friendly intercourse with these others.

Of all this there has never been the least secret between us. I told you and others the exact facts; also there is not a letter; nor did I ever in words tell anyone claiming to have authority. I asserted the exact opposite, because the opposite was not only true but the only way I could hope to carry on.

Now, I brought all this to you as a matter of obvious duty as an American. It was my duty to give the administration first call. In one of my letters I told you that I had neither sought nor desired expressions of opinion from you, only to give you information, which you replied, acknowledging my special facilities for acquiring such and your duty and pleasure in receiving it.

I began and carried on not only this independent work but my letters to you in the effort to avert what is now coming very close—armed intervention. I took this information to you because of our past acquaintance, and because by its very nature it was outside the province of our officials to gather at first hand, and I did it that through you the President, in whose hands the final action lies, might be informed. You received it for transmission to him and the State Department in proper course; now, David Lawrence says none of it has been transmitted to either him or the State Department.

You never on any occasion told me, as Lawrence says, that my information must be presented directly to the President or the State Department; you wrote me to the exact contrary effect.

I did not threaten, as Lawrence implies, that if you or the State Department refused to lend me a sympathetic ear, I would put the matter before the Rules Committee; I wrote you as a friend to you, and to the President, urging you to pass the facts on before the Rules Committee brought it out (as they were sure to do, once I was called to make political capital).

The chairman asked me if I had made any reports on conditions in Mexico to any Government officials, when I said I had written to you and to Gen. Churchill, with information, he served me written notice to bring copies. I did not think all my letters to you should be so introduced, and I kept them out only by claiming they were not official, but letters to a personal friend, "of whom I have always been very fond." (Quite true—in the old days I knew you in Cleveland, I did have the highest liking and regard for you.) But now this is all turned around to charging me with "claiming" your close friendship and special intimacy, at least implying authorization. This is not a proper return for what I was trying to do.

Lest you may not have seen my response in the papers, I wish to call your attention to the end of Lawrence's article, where after a talk with "a State Department official" I am said to have gone out to do a certain thing on the ground I had been encouraged by the Government to do so. I met that official at the instance of a mutual friend, a warm supporter of Wilson; we had four talks; it was understood the whole was completely confidential; I have so

kept it; the information to Lawrence can only have come from the other man, himself opening the confidence, and in an effort to discredit me. But fortunately (our final talk having been at my room in the Willard last Thursday evening), Friday evening, after due consideration, I tried to reach him to say I could not go on; failing to reach him, on Sunday I wrote him that: "Under political conditions as they now are, I can not go on with the matter we lately discussed." This letter he must have had on Monday; and on Tuesday he gives the matter to Lawrence—48 hours after I had declined to do further with the matter.

Now, Baker, there is not one thing in all this past year's record that has not been legitimate, or which I have not openly let you and other officials know. I have not been an "agent," in the accepted meaning; no one has either directed me or paid me. You told me yourself I was the only man you had talked Mexico with, who did not have an "interest." The part I have played has been that of pleader for an oppressed people, parallel, though not yet so awful, as with the Armenians. In addition I have tried to do something to help my own administration when a crisis came I believed would come, and is now at hand. The fact that I put myself at your and Wilson's command first, is now used to discredit me—or to try it, since the record is too clear to allow it. My one great object in it all was to avert armed intervention, and my whole correspondence with you, which for the reasons above I kept out of the Gould hearing record, shows that and everything else I herein say, absolutely.

I therefore wish to ask you now, whether you know any reason why I should not allow my letters to you to be made public—since they were not official, and therefore did not and could not compromise you officially in any way. Have you any objection to my printing them, if I so desire?

As I size the present situation after many talks with many people, the Republicans are against armed intervention for reasons, at least, of economy; also for the higher reasons; the Democrats in Congress seem to be for it; the Military Intelligence is against it; but departmental circles seem to regard it as inevitable, and in some cases to regard it with complacency. I repeat again, it is neither honorable nor necessary, and what is most needed is knowledge of the real facts to avert it. For that, and that only, I have been working.

I am sending a copy of this to the President.

Very sincerely, yours,

---

AUGUST 15, 1919.

MY DEAR BAKER: I have yours of the 10th, on my return from the North. I want to say that in both form and content it is very gratifying. However radically one may differ with another in political opinions, one hopes to keep unbroken at least the memory of friendly estimations, and this latter your letter has maintained, for it is apparent that David Lawrence misrepresented you quite as he tried to do me. His whole article implied that he was quoting you, among others.

You are entirely correct: There is no mystery whatever in either my letters or conversations with you, nor has there been in my other activities in the Mexican matter.

I went to Mexico predisposed toward Carranza and his movement; I found a condition of unbelievable misery, oppression, and anti-Americanism, boding ill for the future of the whole continent. I became convinced that with the end of the Great War our Government would have to come to the "radical change of policy" now indicated in the note of July 22 to the Carranza government. I besides found the whole régime there one of force, of chaos and crime, founded on usurpation, and resisted by liberty-loving Mexicans through the whole country, men of standing and probity, and ready to be our friends. From top to bottom I found Carranza soldiers to be the real "bandits." Diplomatic exigencies, to speak so, however, completely confounded the Carranza element with "Mexico." Its crimes were charged against the nation in general. And it remained the dictum that "It is Carranza or armed intervention, for there are not other Mexicans to turn to." This was covered by the diplomatic technicality that, while maintaining relations, we must not take any steps to safeguard the future, however black and positive that might be. This diplomatic technicality has been completely brushed aside time and again in our late European dealings—Greece, Turkey, Austria and her now released peoples, Belgium while still "neutral" with Germany.

Convinced that Carranza would fall, and then would come the crime of armed intervention, I set out to do what I could as a private citizen to avert it. Many Mexicans say we have only been letting Carranza destroy Mexico, and letting his insults to us go on, that we might enter and take more territory. If we go in now with force, still confounding Mexico with Carranza and ignoring the aid of these others who have begged us for the relief, we as Americans have the heart and spirit to give—we will foreclose for all time before the bar of history our chance to disprove that charge. As an American I am going to protest to the end against such a course—the course of dishonor for us.

I have done no act to "promote revolution" against Carranza. I have given myself the task of seeing that the crisis did not come in a state of noninformation on the part of the American people and at a moment of inflamed sentiment. I dared to go into print, not in cheap publications, but in those of the highest standing in the country—including the one at whose head was our ambassador to England; I did this eight months ago, when mine was the only voice; now the whole set of facts I gave out are acknowledged from one end of the country to the other; and they were and are acknowledged as not inspired by either enmity toward Mexico or a desire for armed intervention, but by the very opposite of those motives—an abiding friendship for "Mexico" and a belief in her possibilities of even democratic self-government and national respectability—in time, and with support in her present transition crisis. In this I still seem to be ahead of many—who know the matter less well than I do. In to-day's paper I find, referring to note of July 22, that "the State Department has proceeded cautiously because there is no one outside of Carranza with whom the United States Government can deal, and a break with Carranza apparently has no other alternative than armed intervention or war."

It is exactly to prepare against that situation, for the benefit of my own Government, that I have been trying; and it has been solely to declare to you that there is at least a way to begin that safer path, that I have written my letters of the past months.

I have not tried to overthrow Carranza, as such words are usually meant; I have based my action on a predicated passing of Carranza by the sheer necessities of the case, and that I might then have a way to show to rehabilitate—without war. I found various Mexican parties; the general belief was that none of these would come together—but nobody save myself has tried to find out practically whether they would or not. I have, for instance, much influence with the Zapatista element—an influence that can be a moderating and restraining one if need comes—just because I went among them in a friendly way, found what they are longing for (which is just what you and I and Wilson all proclaim), and treated them as just men. I am certain I can bring them into a coalition administration (after Carranza is gone), instead of their continuing to be an obstacle to peace.

I can exert the same influence in Oaxaca, and Oaxaca provides that legal point upon which a diplomatic recognition could be based; if we withdrew recognition from Carranza, the State of Oaxaca, as the residuary of the constitutional order under the old, the real constitution, becomes ipso facto the bearer of Mexican legality; it is at least well arguable whether withdrawal of the one recognition does not automatically grant the other.

I have a similar influence with the Felix Diaz party. I find them, in natural loyalty to their leader, disposed to think about a new administration, with him dominant; this especially whenever some one tells them "Wilson is about to recognize Felix Diaz," as has been done several times in the past few months by people who had much appearance (to them, at least) of authority. But my influence there is constantly exerted to a genuine coalition, and it can be brought about.

I have not made contact with Villa and Angeles, but I have been visited by supporters of theirs, assuring me that if I will take the pains I can get all the assurances I can ask from them.

That is, through all this I have sought to prevent any of these elements becoming an obstacle to unification when the critical time comes, and this is an end to which no one else has taken a single step, but an end I am willing to say I can put through if permitted. Does not that mean peace instead of war? Honor instead of dishonor?

In all this I have made no secret with you or anyone. I have put myself, first, at the disposal of the administration, because it is that the Republicans naturally want to take credit to themselves by finding and putting over a solution that will stand criticism; some people would be quite willing to see Wilson

invade Mexico, though the Republicans in Congress are against it. Most of them want intervention no more than I; but all have been ignorant of the fundamental facts, and the State Department has continued to insist there is no solution but Carranza or war, and that is daily more certainly meaning war.

In these days our political opinions constantly shift our associations, we are radically opposed to one vital issue, unqualifiedly at one upon another. In this Mexico matter I am neither Republican nor Democrat; I am anti-intervention, because it can be avoided. And Mexico can be rebuilt by our friendship, cooperation, and resources.

This association of mine with the various anti-Carranza Mexicans has now lately, under Carranza inspiration, been attacked as secret intrigue. In spite of the fact that the only possible way for me to carry on successfully in such an effort was to be, and be openly, merely a private citizen, without "authorization from Washington." David Lawrence has made absolutely false statements, apparently quoting you and others directly, to discredit me on that line. And he has long been considered the "administration mouthpiece"—the one who says what Wilson and Fletcher want said. Your letter is therefore most gratifying, agreeing as it does completely with my own understanding of our relations and not David Lawrence's. And with you I see not the slightest reason for any controversy in the papers. It is still my intention to try to find out how he got the letters to H. L. Hall, whom you will remember long as an emissary of the State Department in Mexico, acting with Lind, Fuller, etc., and so a man I am quite justified in talking Mexico to. Mr. Hall writes me now in the matter, and it appears that his apartments were entered in his absence and my letters stolen from a lock compartment where he kept various papers and correspondence. I think it is up to Lawrence to explain how they came to him. He says they came to him from the Mexican Government.

So far, therefore, from denying the activities asserted, I gladly acknowledge them in the form above—not of "intrigue for intervention" or to force that by bringing about another Columbus raid, all in collusion with the "oil men," as the New York Call monstrously charges me on the strength of the Lawrence article. And the associations thus formed can be of use to you in either of two events:

If you go on to intervention, I can use these formed connections to provide protection for American lives, American women, and for property in general, in that critical period in Carranza territory before we ourselves are able to give that protection. I do not think you would dare refuse such an offer as this in such event.

If you want to know what can be done to establish a new friendly Mexican administration that will take our proffered aid in a proper way for the rehabilitation of the country, actually, and without the stigma of force and arms, or a "financial protectorate," you may have an answer.

Eight or ten months ago my ability to do anything in either of these two ways might have been doubted; you will not do so now.

And so, now that your letter has restored the cordiality which for a time seemed to be threatened. I beg you to consider me still at your service—just because, though a Republican in all other matters. In this I am neither Republican nor Democrat.

Very sincerely, yours,

WILLIAM GATES.

The CHAIRMAN. Have you any connection, financially or otherwise, with the Association for the Protection of American Rights in Mexico?

Dr. GATES. None whatever. I am not a member.

The CHAIRMAN. Have you any connection with any Americans who are interested in Mexico in getting out propaganda for them or for anyone else?

Dr. GATES. No, sir.

The CHAIRMAN. These articles to which you have referred, and which you have written for various magazines—were they written at the suggestion, or request, or with the knowledge of Americans interested in Mexico?

Dr. GATES. No, sir; upon my own initiative entirely and before I had met any Americans interested in Mexico—that is, of the present people.

The CHAIRMAN. Have you been in any conspiracy with any one, Mexican or American, to bring about intervention in Mexico?

Dr. GATES. It is a part of my complaint that I have been charged with being an interventionist, whereas I claim myself to be about the most pronounced anti-interventionist in the country.

The CHAIRMAN. Have you any connection with any Americans in this country or in Mexico whereby you are influenced in your ideas either for or against intervention?

Dr. GATES. Not in the slightest.

The CHAIRMAN. Then you have been presenting to the public, solely upon your own initiative, such information as you have given; and the testimony which you gave before the congressional committee was given in the same spirit in which your articles have been written?

Dr. GATES. Exactly. In fact, I might say that I think the Association for the Protection of American Rights in Mexico was founded in January, and the greater portion of my articles were already written or outlined before that time, before that association was formed, and months before I met any of the people connected with that, or any of the oil men.

The CHAIRMAN. Then you are not one of the American “vultures” who are seeking to secure annexation of Mexico and its great oil and mining wealth for the benefit of some exploiting Americans?

Dr. GATES. Senator, I would like to take occasion on that question to tell you how I first met any of the oil men. It will take only a moment. I think it was in February there were some resolutions, I think, in Congress, and the newspapers printed these with several heads—“Make Mexico pay.” I remember that particularly. It was a resolution that Mexico has been very bad and must pay claims. It was also at that time that somebody started the idea that we should buy Lower California in order to take payment for the outrages on American citizens.

The first loan that the new independent Republic of Mexico put out was at 35 per cent discount off, and, with commissions, it amounted to 68 per cent discount. Mexico has often paid thirty-three per cent a year for a loan put out by a temporary dictator which did not profit the Republic at all.

There was a claim, I remember, against the Mexican Government of 145,000 pesos for some lands which somebody was said to have owned—this was a Mexican—which in the course of some nine or ten years was paid by the Mexican Government with 1,700,000 pesos, and so on and so on. The extent to which Mexico has had to pay, and as you remember, in connection with a 750,000 loan by, I think, Miramón, which was expended corruptly, in which 15,000,000 of Napoleon III—

The CHAIRMAN. We will be glad to go into those matters a little later.

Dr. GATES. May I finish, in just a moment, Senator?

The CHAIRMAN. Yes.

Dr. GATES. With all that in my mind I thought that would be a good article to write, how Mexico had been paying. I wrote to the

New York Public Library, to Herbert Putnam and to Mr. John Barrett if they had any material to add to mine, to send me some material. Mr. John Barrett referred me to a Mr. Harold Walker who was said to have some material upon that subject.

That was the way I came to meet any of the oil people to get something of that kind from them. I had never met or seen any of them before.

The CHAIRMAN. Did you go into any agreement with Mr. Walker to get out propaganda in favor of intervention in Mexico? Did you have any such discussion with him?

Dr. GATES. Absolutely not.

The CHAIRMAN. For the present I have no further questions.

Senator BRANDEGEE. I have none.

The CHAIRMAN. We will be glad to summon you again later at another phase of the question.

The committee will go into executive session to complete the evidence of Mr. Smith.

(Thereupon, at 4 o'clock p. m., the committee went into executive session, and after the consideration of executive business the committee adjourned, to meet at 10.30 o'clock a. m., Monday, September 15, 1919.)



# INVESTIGATION OF MEXICAN AFFAIRS

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## HEARING

BEFORE A

### SUBCOMMITTEE OF THE COMMITTEE ON FOREIGN RELATIONS UNITED STATES SENATE

SIXTY-SIXTH CONGRESS

FIRST SESSION

PURSUANT TO

## S. Res. 106

DIRECTING THE COMMITTEE ON FOREIGN RELATIONS TO  
INVESTIGATE THE MATTER OF OUTRAGES ON CITIZENS  
OF THE UNITED STATES IN MEXICO

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## PART 2

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Printed for the use of the Committee on Foreign Relations



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# INVESTIGATION OF MEXICAN AFFAIRS.

MONDAY, SEPTEMBER 15, 1919.

UNITED STATES SENATE,  
SUBCOMMITTEE OF THE COMMITTEE ON FOREIGN RELATIONS,  
*Washington, D. C.*

The subcommittee met, pursuant to the call of the chairman, at 11.40 o'clock a. m. in room 422 Senate Office Building, Senator Albert B. Fall presiding.

Present: Senators Fall (chairman) and Brandegee.

The CHAIRMAN. Is Mr. de Bekker present?

Mr. DE BEKKER. Yes, sir.

The CHAIRMAN. Will you come around, please?

## TESTIMONY OF L. J. DE BEKKER.

(The witness was duly sworn by the chairman.)

The CHAIRMAN. Give your full name, please.

Mr. DE BEKKER. Leander J. de Bekker.

I regret, Senator, not having received the notification that my presence was desired last week. There [producing paper] is a notice that came in lieu of the telegram directed to my office. The telegram itself I did not receive until the 12th.

The CHAIRMAN (to the secretary of the committee). Have you the copies of the subpoena?

In accordance with the custom of the Senate, telegraphic subpoenas are sent, and one was sent to you on September 9.

Mr. DE BEKKER. Yes, sir; that is the one I received, Senator.

The CHAIRMAN. Another on September 10.

Mr. DE BEKKER. That I did not receive.

The CHAIRMAN. On September 10 the Sergeant-at-Arms received notice from the Western Union Telegraph Co. that telegram dated September 9, addressed to L. J. de Bekker, Bush Terminal Building, New York City, was not delivered; reason, party unknown.

Mr. DE BEKKER. I made inquiry about that, and was told by the Western Union they made an attempt to deliver it to the League for the Enforcement of Peace, of which Mr. Taft is president.

The CHAIRMAN. We want to clear the record now. There was some newspaper report about it, and this is simply that the whole matter may be cleared up.

Mr. DE BEKKER. Yes.

The CHAIRMAN. On September 10 another subpoena was sent to the address given by Mr. McDonald. "Mr. L. J. de Bekker, 130 Forty-second Street, New York City."

Mr. DE BEKKER. I received a telephonic communication from Washington, probably in response to that.

The CHAIRMAN. The Sergeant-at-Arms has turned over to us your telegram of the 11th acknowledging your receipt of the telegraphic subpoena of the 9th, and stating that you had not received it until "to-day"—that was the 11th—owing to insufficient address. On September 12 the Western Union Telegraph Co. notified the Sergeant-at-Arms that a telegram of the 9th to L. J. de Bekker, Bush Terminal Building, New York City, was delivered O. K.

Mr. DE BEKKER. Yes; it came by mail, however, Senator.

Senator BRANDEGEE. By mail from Washington?

Mr. DE BEKKER. No; by mail from the Western Union office in New York.

The CHAIRMAN. On the 13th the Postal Telegraph Co. notified the Sergeant-at-Arms of the Senate as follows: "Your telegram of 10th to de Bekker, 130 W. 42 St., signed Barry, undelivered. No such number. Can you give better address?"

Mr. DE BEKKER. The number should be 130, Senator.

The CHAIRMAN. And we have here my telegram of September 12 to you, "You will appear before the committee Monday, 15th, 11 a. m."

Mr. DE BEKKER. I received that.

The CHAIRMAN. 426 Senate Office Building. You had a telephone communication also, did you?

Mr. DE BEKKER. Yes. I have not, Senator, seen any of the minutes of your committee except as to the hearing of Mr. McDonald. There were some questions addressed to Mr. McDonald which he himself apparently was not able to answer, and as a matter of saving time I have made a brief memo giving such information as I can on those subjects. May I submit it to you?

The CHAIRMAN. Yes. First state your business, please, your occupation.

Mr. DE BEKKER. I am a writer.

The CHAIRMAN. Engaged in any particular line of writing now, Mr. de Bekker?

Mr. DE BEKKER. No; I am not doing very much in the writing line at this moment.

The CHAIRMAN. For newspapers or publicity or otherwise?

Mr. DE BEKKER. Oh, I am handling the matter for the League of Free Nations Association.

Senator BRANDEGEE. Mr. Chairman, in relation to this memorandum he submits, I would like to hear it read if it is going into the record.

The CHAIRMAN. Yes. I would be very glad if you choose to—

Senator BRANDEGEE. That is, I do not think matters ought to be put into the record bodily without our knowing what they are.

The CHAIRMAN. I agree with you entirely.

So, Mr. de Bekker, you may read the memorandum.

Mr. DE BEKKER. I will, if you desire, but possibly your clerk would make a better job of it.

The CHAIRMAN. I think you had better read it yourself.

Mr. DE BEKKER. "This memorandum is submitted to save time by furnishing the information sought from examination of previous witnesses as indicated by questions in the stenographic reports."

"I am a member of the Mexican Committee of the League of Free Nations Association and of the association itself, and have been chiefly responsible for the activities of the committee in its attempt to reply to the propaganda favoring an intervention in Mexico.

"Having been threatened with a libel suit by the Association of Oil Producers in Mexico in their letter published in the Nation, I have avoided any specific mention of the oil interests by name. The Nation of July 26, 1919, page 108—"

The SECRETARY. What is that reference, please?

Mr. DE BEKKER. The Nation, of July 26, 1919, page 108. But assuming that the statements made before the committee are privileged—I am right in that, am I not, Senator?

The CHAIRMAN. If you desire to claim privilege; yes, sir.

Mr. DE BEKKER. I do desire to claim privilege.

"I give the list of the oil interests concerned, which Mr. McDonald our chairman, did not have in his possession when testifying before the committee: California Petroleum Co., Continental Mexican Petroleum Co., Freeport & Mexican Fuel Oil Corporation, Huasteca Petroleum Co., Mexican Gulf Oil Co., Mexican Petroleum Co. (Ltd.), of Delaware, Mexican Petroleum Corporation, National Oil Co., Pan-American Petroleum & Trading Co., Panuco-Boston Oil Co., Port Lobos Petroleum Co., Snowden & McSweeney, Southern Oil & Transport Corporation, Standard Oil Co. of New Jersey, Tamiahua Oil Co., The Texas Co., Tuxpam Petroleum Co., Union Oil Co. of California, Union Petroleum Co. Among the most active individual propagandists are Edward L. Doheny, leader of the entire group of oil interests operating in Mexico; I. Jewell Williams, a Philadelphia lawyer, who is also president of the Boston-Panuco Oil Co.; and Burton W. Wilson, a New York lawyer in the employ of the Standard Oil Co., or those of its subsidiary corporations operating in Mexico. Charles Hudson Boynton, at one time superintendent of the Associated Press in Washington, is the press agent for this group. The list is probably not complete, but Mr. Boynton can give a complete list of the Association of Oil Producers in Mexico, of which he is also press agent. All of the corporations above named are members of the National Association for the Protection of American Rights in Mexico, of which Mr. Boynton is 'executive director' (which may be interpreted press agent), with offices at 347 Fifth Avenue, New York; Frank J. Silsbee is styled secretary of the National Association for the Protection of American Rights in Mexico, and in the absence of these persons the office appears to be in charge of Harry W. Berbie.

"As to the mining and ranch interests involved in the effort to bring about an intervention, Mr. Boynton, who, if not present at this session, can easily be reached, can give you more accurate information than I can. A 'mining and smelting group' is carried in the membership of the list of the National Association for the Protection of American Rights in Mexico, but there is a possibility that some members of this group would be averse to intervention, among them Nicholas F. Brady. This statement is true also of the ranch groups and other groups listed in the Boynton organizations. Thus, Thomas W. Lamont, of J. P. Morgan & Co., may be averse to intervention, and I should be disposed to give the benefit of the doubt to many

others claimed as adherents in the Boynton propaganda. The facts may have been represented incorrectly, as when Prussuig, a legal hirling of the propagandists, told Oswald Garrison Villard in my presence that 'the oil men don't want an intervention.'

"As to the pen name of Kincheloe Robbins, concerning which the chairman sought information from Mr. McDonald, I might say that it was adopted for reasons which appeared sound to me and to the New York Tribune as a signature for certain articles of mine published last year. Maj. Thomas L. Kincheloe, a soldier of the War of Independence, was my great-grandfather, and so was Daniel Robbins, of Baltimore, a shipowner of the same period. The only other pen name I have used in the last 10 years was 'An Abstracter of the Quintessence,' signed to a series of nonpartisan political articles in the New York Evening Post during the last presidential campaign.

"My article on 'Wilson's Mexican Policy,' incorrectly quoted in the stenographer's minutes as 'Wilson's Mistaken Policies,' was based on a contribution of mine to the New York Evening Post in 1916, brought down to date by including his address to the Mexican editors. It contains nothing that can be construed into an attack upon the President, nor can anything else issued by the League of Free Nations Association since my connection with the organization be so construed.

"The editorial from 'Excelsior,' and also the interview had by that newspaper with the archbishop of Guadalajara, were translated and sent to me by Mr. Winton, lately a witness before the committee.

"The 'Appeal to the President' was written by me in collaboration with Mr. McDonald, at his request, and was submitted to several members of our association for criticism and to several persons not members of our association. By the time the revision had been completed it was announced that the President was preparing to leave Washington. We struck from the printed copies the names of members of our committee on Mexico, as they had not had an opportunity of discussing it in meeting. All members present of the committee on Mexico agreed to it at a meeting held last Friday, and their signatures will be printed with ours hereafter. Our assumption that President Wilson is aware of the nature of the propaganda against Mexico now being printed is based on his statement 'issued from the White House' to the Associated Press, dated March 25, 1916, which reads as follows: •

Convinced that powerful influences are at work to force intervention in Mexico, administration officials were to-day considering just what steps shall be taken to bring the agitation to an end. \* \* \* President Wilson is said to be determined to stop the circulation of inflammatory rumors and to take legal steps if necessary.

"We believe that the President is well informed as to the nature of this plot against Mexico, and that he is at this time in possession of documentary evidence regarding some of its ringleaders. And it is our sincere hope that he will produce this evidence in time to avert an intervention.

"When the Senator desired that Mr. McDonald give him a specific instance of propaganda against Mexico, I fancy the Senator must have been in a jocular mood, for I can not suppose that he does not read the newspapers, or that he does not possess a complete file of the articles issued by the various Boynton agencies. If he will re-

fer to the newspapers detailing the adventures of a German spy in Mexico, he will find that it is sponsored by the National Association for the Protection of American Rights in Mexico. Although there is no reason to suppose that this person ever saw President Carranza, and a specific denial to that effect was made in dispatches from Mexico City by President Carranza himself, its serial publication was not interrupted.

"I submit herewith, although I am confident that the Senator has seen it already, the monthly bulletin of the National Association for the Protection of American Rights in Mexico, wholly devoted to attacks on Mexico, and, in many instances, unsigned attacks.

"I submit herewith the announcement of a series of atrocity stories written by Agnes C. Laut, the letter of her manager frankly saying that 'in view of the fact that the Monroe doctrine was only written into the peace terms on condition of a clean-up in Mexico,' etc., and speaking of Miss Laut, who represented herself in Mexico as being staff correspondent of the Saturday Evening Post as having 'just returned from a long trip to Mexico for the financial journals of England, Canada, and the United States.'

"Who is Miss Laut?

"She is of Canadian birth, and was named as a pro-German suspect in the list given out last winter by the United States Department of Justice. She is the author of an article in The Independent which was accompanied by a fake atrocity picture, as recently exposed by the New York Call.

"Who pays Miss Laut?

"Ask her, Senator, as she has been an interested spectator at these hearings. Ascertain if her real masters include the list of petroleum trade papers named by Mr. Boynton's propaganda societies as belonging to them, or if she has any interest in a great philanthropic work for children in Mexico backed by Dr. Norman Bridge, of Chicago, a member of the National Association for the Protection of American Rights in Mexico.

"I submit herewith a letter from Mr. Boynton to Mr. Villard as evidence of the care he exercises in watching the metropolitan press for any symptom of a word friendly to Mexico. I submit other letters from him to the same publication, establishing his connection with the oil interests he is especially hired to defend, and ask that he be required to produce similar letters attacking me, addressed to the editor of the New York Tribune, with whom also he desired to renew old acquaintances.

"Who pays Mr. Boynton?

"Let him answer for himself, since he has also been an interested spectator at these hearings.

"I submit herewith a copy of the New York Call, containing a photograph of the letter by which William Gates, a go-between for various Mexican bandits, is accredited as agent to the chairman of the House Committee on Rules, who recently 'investigated' Mexican affairs for 'General' Mexcua, now exiled in Habana.

"Who is Mr. Gates?

"His letters and that of Secretary Baker in the same publication tell the story rather more completely than when he gave his remark-

able testimony before Mr. Campbell's committee, where three New York dailies disagreed as to his business and residence.

"Who pays Mr. Gates?

"He has been an interested spectator at these hearings, and also a witness. Is he a millionaire, traveling for pleasure, as he told an editor in Yucatan?

"Senator, if I were in a position to subpoena witnesses, and compel evidence, I think I would interrogate some of the propagandists against Mexico, of whom, I am told by friends, there are sometimes a dozen present at these hearings.

"The suggestion that I made months ago that there should be a congressional hearing for Latin-American affairs in general was well meant, but when I made it I confess that I had not foreseen the possibility of such a hearing as this.

"In conclusion, Senator, I beg that you will understand that my attitude toward Mexico is that of a loyal American who merely desires a 'square deal' for Mexico, as for all the world. I do not believe that, under the tremendous difficulties of a reconstruction with the rest of the world just emerging from war, the present government in Mexico has created ideal conditions. But I am convinced that President Carranza is the strong man of that country, that he is honest, intelligent, and sincere. At this moment he is, I believe, giving a better government to the Mexican people than we could. I speak with knowledge of conditions in Haiti and Santo Domingo. And if there had been in any Mexican city within the last six months as such disorders as we have had in New York, Boston, Chicago, and Washington, to say nothing of the sporadic outbursts of mob violence to which we have grown accustomed in Texas, our newspapers have been strangely silent. I saw, Senator, with my own eyes, a prosperous Mexico, except in places where American influence is strong, as in bandit ridden Tampico. I know and you know that dynamite with which to blow up trains and wreck buildings is not made in Mexico by Pelaez and such like bandits, but in the United States. I know that the Americans killed in Mexico are victims of deadly weapons made in America. I deplore the crimes in Mexico, but I deplore the crimes in the United States, and it does not seem to me that in our present international situation we should throw mud at our neighbors."

The CHAIRMAN. Mr. de Bekker, the testimony to which you have referred, that of Mr. McDonald and Mr. Inman, was with reference to the identification of various documents, articles or reprints sent out by the League of Free Nations Association for publication as well as for other propaganda purposes. You have read that testimony, you say?

Mr. DE BEKKER. I have read the testimony of Mr. McDonald, but only the newspaper reports of the appearance of Mr. Winton and of Mr. Inman.

The CHAIRMAN. Mr. McDonald's testimony was to the effect that you and himself prepared and sent out, or that you largely prepared and sent out various material.

Mr. DE BEKKER. That would be correct.

The CHAIRMAN. One of which articles was a translation from *Excelsior* of August 14, 1919. Did you pass upon that?

Mr. DE BEKKER. Might I see it, Senator?



The CHAIRMAN. Certainly [handing paper to witness].

Mr. DE BEKKER. That I believe was sent to us by Mr. George F. Weeks, of Mexico City.

The CHAIRMAN. Mr. Weeks, I believe, has been identified as the editor, or one of the editors, of *La Revista Ilustrada*, the illustrated review of Mexico.

Mr. DE BEKKER. That is correct, Senator.

The CHAIRMAN. Do you happen to know for whom he is working?

Mr. DE BEKKER. I think he is working for Mr. Weeks, and very industriously, Senator, from his correspondence.

The CHAIRMAN. Do you know—of your own knowledge, of course; if you do not, we can interview some one else about it.

Mr. DE BEKKER. Why don't you ask him to come to your hearings in Texas, Senator? I think he would be glad to give you all the information he can.

The CHAIRMAN. I thank you for your suggestion. Arrangements have already been made to secure Mr. Week's evidence.

Mr. DE BEKKER. Good.

The CHAIRMAN. So we are in accord in some matters at any rate.

Mr. DE BEKKER. Good.

The CHAIRMAN. However, I am simply going to ask you whether you know of your own knowledge who is paying Mr. Weeks?

Mr. DE BEKKER. Why, I should say that he had a subscription list of about 15,000 or 20,000 and rather heavy advertising income.

The CHAIRMAN. You do not know whether he is on Carranza's pay roll?

Mr. DE BEKKER. No, sir; I do not. I have heard other people ask the same question and I have not been able to give them any information.

The CHAIRMAN. This advance proof from the *World To-morrow*—first, about this: You say this article you think was sent you by Mr. Weeks?

Mr. DE BEKKER. That is my impression, Senator. It was either sent by Mr. Weeks or Mr. Winton. Both have contributed occasionally translations from the Mexican papers.

The CHAIRMAN. What we are seeking to know is whether you sent it out?

Mr. DE BEKKER. Yes; we sent it out. It bears our heading at the top, Senator. We send out nothing of an anonymous character.

The CHAIRMAN. Answer my question. I am seeking to know who passed upon it and nothing else.

Mr. DE BEKKER. Yes; both Mr. McDonald and I passed upon it.

The CHAIRMAN. This article I hand you?

Mr. DE BEKKER. Yes; this is by Mr. Norman Thomas. Admirable, I should say, Senator.

The CHAIRMAN. Mr. McDonald and yourself passed upon that and sent it out, did you?

Mr. DE BEKKER. Well, we agreed it was one of the very best statements of the case that had been made and the public seems to agree with us. We have recently had to reprint some 5,000.

The CHAIRMAN. You sent it out?

Mr. DE BEKKER. Yes; you notice it contains a line "Free Service. League of Free Nations Association" at the top. There could be no question we sent that out.

The CHAIRMAN. The purpose of this committee is to find out who passed on these articles in the League of Free Nations Association.

Mr. DE BEKKER. That is very simple. You have already been told by Mr. McDonald and myself that we do.

The CHAIRMAN. I am identifying the specific articles, and pursuing my own course with your consent.

Mr. DE BEKKER. I beg your pardon, Senator.

The CHAIRMAN (handing paper to witness). Reprinted from the New York Sun.

Mr. DE BEKKER. Yes; that would seem to be a pretty thorough indication of what we are charging; that the plans for an intervention are more or less perfected now, Senator, and this was sent out as a reprint from the New York Sun, so stated up here, together with the article of Dr. Thomas, and I think an explanatory letter issued by Mr. McDonald, of which doubtless he gave you a copy. If he did not he gladly will, or I will. We wish to link up the article in the New York Sun, which we have no doubt is entirely correct—we have a great deal of respect for the Sun and always read it carefully, and I fancy that this article from the New York Sun, together with the statement of Dr. Thomas, would convince almost anybody of ordinary sanity that there is a plot against Mexico for an intervention in that country.

The CHAIRMAN. I thank you for your suggestion.

Mr. DE BEKKER. Quite welcome, Senator.

The CHAIRMAN. But if you will just answer my questions——

Mr. DE BEKKER. To the best of my small ability.

The CHAIRMAN (continuing). Then you can have all the time you want to make comments.

Mr. DE BEKKER. I had all the time I wanted.

The CHAIRMAN. Then answer the question.

Senator BRANDEGEE. What do you mean in commenting on the article just shown you by the Senator, from the New York Sun, by saying that that indicates that the plans for intervention are already made?

Mr. DE BEKKER. It purports to give the plans, Senator.

Senator BRANDEGEE. I have not read the article myself, so I am asking you.

Mr. DE BEKKER. I say it purports to give the plans.

Senator BRANDEGEE. Well, whose plans?

Mr. DE BEKKER. The plans of the United States Government.

Senator BRANDEGEE. Very well, that is what I wanted to find out.

Mr. DE BEKKER. Yes, sir.

The CHAIRMAN. This article, "Free Service, League of Free Nations Association," by Kincheloe Robbins, is one of the articles which you are testifying you wrote under your pen name?

Mr. DE BEKKER. Yes, sir; I wrote that.

The CHAIRMAN. That was sent out by Mr. McDonald and yourself?

Mr. DE BEKKER. By the League of Free Nations Association, of which we are both servants.

The CHAIRMAN. Who sent them out?

Mr. DE BEKKER. The stenographers, I presume. I personally do not.

The CHAIRMAN. You prepared this article?

Mr. DE BEKKER. Yes, sir.

The CHAIRMAN. To whom was it submitted?

Mr. DE BEKKER. Mr. McDonald, I believe, sent it to the printer or the stenographers.

The CHAIRMAN. Who sent it out?

Mr. DE BEKKER. The stenographers. The League of Free Nations Association is responsible for everything that is sent out, Senator.

The CHAIRMAN. This article [handing paper to witness] talks for the year 1918 in Mexico. Who prepared it?

Mr. DE BEKKER. That was prepared by Mr. Weeks and is, I believe, advance matter for the Mexican Review, sent out to us, and being included as being informative as to the conditions in Mexico.

The CHAIRMAN. Who sent that out?

Mr. DE BEKKER. The League of Free Nations Association, Senator.

The CHAIRMAN. Acting through whom?

Mr. DE BEKKER. Mr. McDonald and myself and the office force.

The CHAIRMAN. This Free Service, League of Free Nations Association, "Murder and Revenge, by L. J. de Bekker"; you prepared that, did you?

Mr. DE BEKKER. I wrote that; yes, sir.

The CHAIRMAN. Who sent it out?

Mr. DE BEKKER. It was sent out by Mr. McDonald and myself through the office force of the League of Free Nations Association.

The CHAIRMAN. "Improved Conditions in Mexico," the same character of slip. Who prepared it?

Mr. DE BEKKER. That, I think, is also advance matter from the Mexican Review, Senator, sent out in the same way, by the same people.

The CHAIRMAN. This "Weeks vs. Creel," who prepared it, where was it obtained, how was it obtained, and who sent it?

Mr. DE BEKKER. Mr. Weeks wrote a lengthy reply to an article of Mr. Creel's in an American publication in which Mr. Creel gave Mexico the devil, and the editors of that publication declined to print the response, and having a copy of it with me I simply made this adaptation of it from Mr. Weeks's reply answering Mr. Creel. Mr. Weeks's article has since been published in the current number of the Mexican Review, of which I will be glad to submit a copy, Senator.

The CHAIRMAN. This was sent out in the same way?

Mr. DE BEKKER. In the same way.

The CHAIRMAN. "Advance proof from the Nation." "Release August 30, 1919," "Mexico's Future, by L. J. de Bekker."

Mr. DE BEKKER. Yes; you need not bother to show me that, Senator.

The CHAIRMAN. You wrote that, did you?

Mr. DE BEKKER. Yes; I wrote that.

The CHAIRMAN. It was sent out by the League of Free Nations Associations?

Mr. DE BEKKER. Yes, sir.

The CHAIRMAN. Sent out in the same way the others were sent out?

Mr. DE BEKKER. Precisely as you see it there. That will be, I believe, in the next number of the Nation; but I am never sure.

The CHAIRMAN. The Free Service article, League of Free Nations Association, New York, "Release on receipt," headed "Wilson's

Mexican policy," is the one to which you refer when you say that the stenographer made a mistake and said "mistaken policy"?

Mr. DE BEKKER. Yes, sir.

The CHAIRMAN. That was written by you?

Mr. DE BEKKER. Yes, sir. That, as I said awhile ago, Senator, is based on an article published in the New York Evening Post, to which has been added the President's address to the Mexican editors.

The CHAIRMAN. That has been sent out in the same way?

Mr. DE BEKKER. In the same way.

The CHAIRMAN. This open letter to the President, "League of Free Nations Association, 130 West Forty-second Street," September 3, 1919, addressed to the Hon. Woodrow Wilson, President of the United States of America, The Executive Mansion, Washington, D. C., "Mr. President," and signed "L. J. de Bekker, James G. McDonald, for the committee on Mexico"—you assisted in the preparation of this article?

Mr. DE BEKKER. I just gave the details in that memorandum.

The CHAIRMAN. I desire to identify it as the article concerning which you are testifying.

Mr. DE BEKKER. Oh, yes.

The CHAIRMAN. I notice that in this article you state among other things:

The only people in fact, Mr. President, who have been actively engaged in a shameless effort, by the publication of alleged atrocities and by the slander of the whole Mexican Nation, to force an intervention are a group of oil interests and mine owners who, by subsidies to bandits, are fomenting armed rebellion against the Government of Mexico, although bound by terms of the concessions under which they operate to regard themselves as Mexican citizens in the eyes of the law, and not to seek diplomatic aid in the settlement of their grievances or claims against the Mexican Government.

Now, you have referred in this memorandum to propaganda, and you have given the names of oil companies here. Were those the companies to which you referred in this statement?

Mr. DE BEKKER. Yes, sir.

The CHAIRMAN. Who were "actively engaged in a shameless effort, by the publication of alleged atrocities and by the slander of the whole Mexican Nation."

Mr. DE BEKKER. See the bulletin of the National Association for the Protection of American Rights in Mexico and I think you will find that statement amply confirmed, Senator.

The CHAIRMAN. To what date did you have reference?

Mr. DE BEKKER. Almost any date, I think, Senator; at least two numbers.

The CHAIRMAN. Do you happen to have a copy?

Mr. DE BEKKER. I am not sure, Senator. I would be very glad to look in a moment. If I have not, there is no doubt it can be obtained.

The CHAIRMAN. You may be excused while you look.

Mr. DE BEKKER. Yes; thank you. I do not seem to have it, Senator, but I have no doubt Mr. Boynton can give it to you.

The CHAIRMAN. I have no doubt he can, sir, and Mr. Boynton is here under subpoena for the purpose of giving us anything for which we call, just exactly as you are.

Mr. DE BEKKER. I thank you.

The CHAIRMAN. I might say to you, for your satisfaction at this time, that you refer to the chairman of the committee as being familiar with the literature sent out by this association.

Mr. DE BEKKER. I presume you would be.

The CHAIRMAN. Well, I will inform you I have never read a copy of their bulletin.

Mr. DE BEKKER. Oh, I beg your pardon.

The CHAIRMAN. That is for your information.

Mr. DE BEKKER. I thank you.

The CHAIRMAN. You are cooperating with Mr. McDonald. Have you seen that letter of Mr. McDonald's [handing letter to witness]?

Mr. DE BEKKER. I think I have seen it, or a copy of it, Senator. However, it is signed by Mr. McDonald.

The CHAIRMAN. Well, I know it is, and you have testified, as he has, that you and he were acting for the League of Free Nations Associations?

Mr. DE BEKKER. Yes, sir.

The CHAIRMAN. That is the reason I ask you whether you have seen this letter?

Mr. DE BEKKER. Yes, sir.

The CHAIRMAN. You say you have seen it or a copy of it?

Mr. DE BEKKER. I have seen it now at any rate, Senator.

The CHAIRMAN. Had you seen it before?

Mr. DE BEKKER. I am not positive about it.

The CHAIRMAN. Did you know of Mr. McDonald's request of this committee for a hearing for the League of Free Nations Association's Mexican Committee?

Mr. DE BEKKER. Oh, yes; that was discussed between us.

The CHAIRMAN. You knew that?

Mr. DE BEKKER. Yes, sir.

The CHAIRMAN. Mr. McDonald expressed the hope there that "the Senate subcommittee will exercise more discretion in its selection of witnesses than did the House Committee on Rules. Denunciations of a Government with which the United States continues to be in friendly treaty relations by a go-between for various bandit chiefs were widely exploited through the press recently, and as loyal Americans we hope your committee will not lend itself to similar propaganda."

Mr. Gates has been before this committee—I am not sure that you are aware of that fact—for the purpose of placing in the record certain documents for which the committee called, consisting of correspondence and alleged correspondence between Mr. Gates and the Secretary of War. He has not as yet been questioned by this committee upon any other subject. You have been subpoenaed because, in answer to his request, as chairman, a letter was written Mr. McDonald and an answer received from him indicating that the committee he desired to have before this subcommittee had dispersed and was at other places and that only Dr. Inman was available. Immediately upon receipt of that note, subpoenas were sent out for the gentleman whom Mr. McDonald had indicated he desired to have appear here, and also a subpoena for Mr. McDonald. As soon as your name developed in connection with this matter, indicating that you might be able to give us some information with reference

to this propaganda, you were subpoenaed. Mr. Boynton and other members of the committee of the Association for the Protection of American Rights, I believe they call themselves, are under subpoena here. Mr. Boynton has brought various papers and documents and newspaper clippings and other material, which he has placed at the disposal of the members of the committee and which they will use at the proper time. The committee is desirous of being advised at this time with reference to the article concerning which you are being now interrogated, as to what foundation you have for the statement made here, to which your attention has just been called, the "Publication of alleged atrocities" and "By the slander of the whole Mexican nation." You have referred me in answer to that question to a copy of the bulletin of the—

Mr. DE BEKKER. The last two issues of the Bulletin, Senator, contain stories of that character.

The CHAIRMAN. Alleged atrocities?

Mr. DE BEKKER. Well, I do not know whether they were actually atrocities or not, Senator, so I say alleged, not being sure whether they were atrocities.

The CHAIRMAN. Why did you use that term, Mr. de Bekker, in your letter to the President?

Mr. DE BEKKER. Because I am very doubtful, and I would be very much distressed, if they were true. There are, unfortunately, atrocities on both sides. The Mexican Government, as you probably know, has very lately, through its secretary of the interior, compiled a list of outrages committed or alleged to be committed by Americans upon Mexicans. If you have not heard of that or have not seen it I should be very glad to see that a translation is sent to you.

The CHAIRMAN. I would be very glad to have you send a translation. I think it would be very indicative of the business in which you are engaged, at any rate.

Mr. DE BEKKER. I think it would, Senator. You are right.

The CHAIRMAN. Yes, sir.

Mr. DE BEKKER. I desire to have the truth on both sides told.

The CHAIRMAN. That is the purpose of the committee, and we will have it.

Mr. DE BEKKER. Good.

The CHAIRMAN. The foundation for your statement that this company or this association is engaged in the slander of the whole Mexican nation is the same as that which you have just given, is it?

Mr. DE BEKKER. Oh, Senator, I have given you in that memorandum I just read several specific instances of the same character.

The CHAIRMAN. What? I have not the memorandum before me.

Mr. DE BEKKER. Well, the Altendorf rot that has been going through the Sunday papers, carrying the informata of the Association for the Protection of American Rights in Mexico.

The CHAIRMAN. Anything else you have in mind?

Mr. DE BEKKER. Well, I might be able to help you out in something else, Senator.

The CHAIRMAN. Your assistance is all we are seeking, sir.

Mr. DE BEKKER. That is very kind. Is Mr. Boynton present?

Mr. BOYNTON. I am.

The CHAIRMAN. Mr. Boynton, have you copies of your last two bulletins?

Mr. BOYNTON. I think I have.

The CHAIRMAN. Furnish them to Mr. de Bekker, then, will you?

Mr. DE BEKKER. If you care, Senator, there are further details in regard to the Creel article [handing paper to the chairman].

The CHAIRMAN. If you desire to read any portion of it yourself, sir, you may do so in connection with your testimony. I have no desire to read it. I have not read it and have no desire to read it. If I want Mr. Creel I will have him here.

Mr. BOYNTON. I am sorry to say I have the bulletins in this brief case almost every day, but they do not seem to be here this morning. I can have them in a few moments.

The CHAIRMAN. It seems to be a remarkable coincidence. Possibly, one of you may be able to discover them.

Mr. DE BEKKER. I apologize, Senator. I had no intention of slipping up on it.

Here is an article on the invasion of Mexico from the Arizona Labor Journal recently.

The CHAIRMAN. To what has that reference? I was asking you about your statement as to "the slander of the whole Mexican nation."

Mr. DE BEKKER. I had in mind the issue of the bulletin in question which contained an alleged refutation of the report of conditions in Mexico made by the Mexican ambassador when he returned, and I do not remember the text of it, but I will be very glad—

Senator BRANDEGEE. When he returned from where?

Mr. DE BEKKER. When he returned to Washington, Senator.

Senator BRANDEGEE. From where?

Mr. DE BEKKER. From Mexico.

Senator BRANDEGEE. When was that?

Mr. DE BEKKER. That was about two months ago, I should say. He gave out a statement at that time to the general effect that conditions were much better now than in the past.

The CHAIRMAN. We will have time to take up that bulletin matter a little later.

You write for the Nation, amongst other publications, do you?

Mr. DE BEKKER. At times; yes, sir.

The CHAIRMAN. In connection with the memorandum which you just read, I marked a paragraph in an article in the Nation for Saturday, August 9, 1919, apparently one of a series of articles written by yourself, headed "The plot against Mexico—III, by L. J. de Bekker." On page 164 of that publication, appears this quotation from Washington, a dispatch by the Associated Press, which you read into the record a short time ago in this memorandum which you had, as follows:

#### WILSON TO END PLOT AGAINST MEXICO.

[By the Associated Press.]

WASHINGTON.—Convinced that powerful influences are at work to force intervention in Mexico, administration officials were to-day considering just what steps shall be taken to bring the agitation to an end. \* \* \* President Wilson is said to be determined to stop the circulation of inflammatory rumors, and to take legal steps, if necessary.

You recall that quotation?

Mr. DE BEKKER. Yes, sir.

The CHAIRMAN. You have used it here now?

Mr. DE BEKKER. Yes, sir.

The CHAIRMAN. I notice in this article published on August 9 that you say:

Careful reading of recent anti-Mexican oil propaganda shows that the press agency desires to impress four points on the public: (1) There is no plot against Mexico; (2) the plot against Mexico was discovered or invented by an author of artistic temperament; (3) the oil men are spending only \$30,000 a month in maintaining armed rebellion against the legitimate and recognized Government of Mexico through subsidies to the bandit Pelaez, and not \$200,000 a month as they told the American Embassy in Mexico City; (4) the oil interests are really engaged in missionary work in Mexico, seeking rather to benefit the downtrodden peon than to exploit the natural wealth of the country for selfish purposes. These statements may seem contradictory, but they can be reconciled easily by any mind which has been thoroughly lubricated with petroleum. For my part, I rarely express doubt at any statement a press agent may make. It seems so useless. But points 1 and 2 are flatly denied in a document which is entitled to consideration.

Then you follow with this quotation I have read from a Washington dispatch. Now, in this article, Mr. de Bekker, I note there is no date to the telegram itself.

Mr. DE BEKKER. Yes, sir.

The CHAIRMAN. That statement was sent out three years ago, in 1916, was it not? What was your purpose in quoting the telegram without the date?

Mr. DE BEKKER. I thought it would be interesting to see someone come along with a denial such a telegram had ever been sent, Senator.

The CHAIRMAN. You thought you possibly were the only one who had noticed the telegram?

Mr. DE BEKKER. I thought it might well have been forgotten. In fact, I think it has been.

The CHAIRMAN. You did not know it had caused comment and answers at the time it was sent out?

Mr. DE BEKKER. I have the article from the Evening Post, Senator, which that is quoted from, giving the date.

The CHAIRMAN. Yes, sir.

Mr. DE BEKKER. And I believe closing just about that time.

The CHAIRMAN. Do you remember that at about this same date—I have not the date of it here as I only have your article before me, and as the telegram there has no date I can not give the exact date—can you give me the date?

Mr. DE BEKKER. Of what, Senator?

The CHAIRMAN. Of this telegram that we are just discussing.

Mr. DE BEKKER. March 25, 1916, I believe it was.

The CHAIRMAN. Has that date any significance for you at all?

Mr. DE BEKKER. I do not quite get you, Senator.

The CHAIRMAN. Where was Gen. Pershing at that time?

Mr. DE BEKKER. Oh, the article that I have used in obtaining that material was written probably about the time of the Pershing expedition. In all probability that was the purpose of the article.

The CHAIRMAN. You did not publish all of this telegram, did you?

Mr. DE BEKKER. No, sir.

The CHAIRMAN. There was some—

Mr. DE BEKKER. It is published in such a way as to indicate there have been deleted passages.



The CHAIRMAN. Yes; there is a deleted passage in it. Do you know whether the President called the newspaper men together at the White House or at the State Department on or about that date, and that, that was what he said to them, what was referred to in this telegram?

Mr. DE BEKKER. I should think, Senator, that the Washington newspaper men might be able to tell you definitely. I can not. I was not in Washington.

The CHAIRMAN. I am asking you because you keep track of this.

Mr. DE BEKKER. I was not in Washington at this time and do not know how the matter came out.

The CHAIRMAN. You happened to discover this telegram?

Mr. DE BEKKER. I happened to have written it once before. There [handing paper] is a part of the article. That is the reason I happened to discover it. There is the first part of it.

The CHAIRMAN. This is an article. This is not the telegram, or the date.

Mr. DE BEKKER. But you find the telegram quoted in the article, Senator.

The CHAIRMAN. Yes; that is one of your articles.

Mr. DE BEKKER. Quite true.

The CHAIRMAN. I am trying to identify this telegram, and you are familiar, apparently, with Mexico, and writing upon Mexico for the information of the public, and I am seeking now to show your knowledge, and to acquire some information from you if I can.

Mr. DE BEKKER. That is very flattering, Senator.

The CHAIRMAN. This is the only portion of this telegram on what occurred at that time here with reference to the news that made any particular impression on you, is it?

Mr. DE BEKKER. At any rate, Senator, it is the only portion I quoted in this article in the New York Evening Post published shortly after.

The CHAIRMAN. And it is the only portion that you quoted in this article published in the Nation?

Mr. DE BEKKER. Quite so.

The CHAIRMAN. Have you ever seen this House document, printed under date of June 20?

Mr. DE BEKKER. No, sir.

The CHAIRMAN. You have never seen that?

Mr. DE BEKKER. No, sir.

Senator BRANDEGEE. What year?

The CHAIRMAN. 1916. This telegram, Mr. de Bekker had stated was published on the 25th day of March, 1916. Columbus was raided on the 9th of March; Pershing was in Mexico at this time. This is a House document published——

Senator BRANDEGEE. You had better give the record of it.

The CHAIRMAN. I will give it in a moment. I want to get the thing together. This is a House document published shortly after June 20, and is a note of the Secretary of State of the United States to the Secretary of Foreign Relations of the de facto government of Mexico. It is House Document No. 1237, Sixty-fourth Congress,

first session. Note of the Secretary of State of the United States to the Secretary of Foreign Relations of the de facto government of Mexico, dated June 20, 1916, Washington, Government Printing Office, 1916, and is headed and dated "Department of State, Washington, June 20, 1916."

You say you have never read it?

MR. DE BEKKER. Senator, I very rarely read documents sent out by the House in that form.

THE CHAIRMAN. Would you consider that the Secretary of State of the United States would be guilty of this alarming propaganda and slanderous articles upon Mexico which you have been testifying had been given out by the Association for the Protection of American Rights in Mexico?

MR. DE BEKKER. I should say, Senator, that you are trying to cross-examine me on a subject on which I have frankly confessed complete ignorance at this moment.

THE CHAIRMAN. No; I am simply asking your opinion as to whether you think that he would be guilty of it.

MR. DE BEKKER. I decline to express any opinion that would be either derogatory or flattering to the Secretary of State. I have no interest in politics, Senator.

THE CHAIRMAN. Nor have I. We are not discussing politics, and this is not a political question we have here.

MR. DE BEKKER. But I can not express an opinion as to a document I have not read.

THE CHAIRMAN. Your opinion as to the document is not asked, or called for.

MR. DE BEKKER. I beg your pardon.

THE CHAIRMAN. Your article in The Nation, in which you used this statement coming from Washington on the 25th of March, 1916, was not intended to be verified by this telegram which you quote?

MR. DE BEKKER. It was intended, Senator, if I may say so, simply to indicate that the President of the United States had made the charge that there were powerful influences at work to bring about intervention in Mexico, and that he was then opposed to the idea.

THE CHAIRMAN. And still you recall now that at that time Pershing was in Mexico, do you not?

MR. DE BEKKER. I do not recall the exact date of Mr. Pershing having gone to Mexico, Senator. I will be willing to take your word for it, but I realize he went in to get Villa, and great man that he is, and eminent soldier that he is, he came out without having gotten him, and I do not think your next invasion will succeed any better.

THE CHAIRMAN. Of course, your opinion is very valuable to the committee.

MR. DE BEKKER. I thank you for that, sir.

THE CHAIRMAN. After consulting with my colleague on the committee present, I will read you a note and get it into the record at this time. This is a note of the Secretary of State of June 20, 1916, following this Associated Press telegram which you have quoted now into your statement to us, and in your article in The Nation, which Associated Press telegram you have stated was dated March 25, 1916.

The note is as follows:

DEPARTMENT OF STATE,  
*Washington, June 20, 1916.*

SIR: I have read your communication, which was delivered to me on May 22, 1916, under instructions of the chief executive of the de facto Government of Mexico, on the subject of the presence of American troops in Mexican territory, and I would be wanting in candor if I did not, before making answer to the allegations of fact and the conclusions reached by your Government, express the surprise and regret which have been caused this Government by the discourteous tone and temper of this last communication of the de facto Government of Mexico.

The Government of the United States has viewed with deep concern and increasing disappointment the progress of the revolution in Mexico. Continuous bloodshed and disorders have marked its progress. For three years the Mexican Republic has been torn with civil strife; the lives of Americans and other aliens have been sacrificed; vast properties developed by American capital and enterprise have been destroyed or rendered nonproductive; bandits have been permitted to roam at will through the territory contiguous to the United States and to seize, without punishment or without effective attempt at punishment, the property of Americans, while the lives of citizens of the United States who ventured to remain in Mexican territory or to return there to protect their interests have been taken, and in some instances barbarously taken, and the murderers have neither been apprehended nor brought to justice. It would be difficult to find in the annals of the history of Mexico conditions more deplorable than those which have existed there during these recent years of civil war.

It would be tedious to recount instance after instance, outrage after outrage, atrocity after atrocity, to illustrate the true nature and extent of the widespread conditions of lawlessness and violence which have prevailed. During the past nine months in particular, the frontier of the United States along the lower Rio Grande has been thrown into a state of constant apprehension and turmoil because of frequent and sudden incursions into American territory and depredations and murders on American soil by Mexican bandits, who have taken the lives and destroyed the property of American citizens, sometimes carrying American citizens across the international boundary with the booty seized. American garrisons have been attacked at night, American soldiers killed and their equipment and horses stolen; American ranches have been raided, property stolen and destroyed, and American trains wrecked and plundered. The attacks on Brownsville, Red House Ferry, Progreso Post Office and Las Peladas, all occurring during September last, are typical. In these attacks on American territory, Carrancista adherents, and even Carrancista soldiers took part in the looting, burning, and killing. Not only were these murders characterized by ruthless brutality, but uncivilized acts of mutilation were perpetrated. Representations were made to Gen. Carranza, and he was emphatically requested to stop these reprehensible acts in a section which he has long claimed to be under the complete domination of his authority. Notwithstanding these representations and the promises of Gen. Nafarrete to prevent attacks along the international boundary, in the following month of October a passenger train was wrecked by bandits and several persons killed 7 miles north of Brownsville, and an attack was made upon United States troops at the same place several days later. Since these attacks leaders of the bandits well known both to Mexican civil and military authorities as well as to American officers, have been enjoying with immunity the liberty of the towns of northern Mexico. So far has the indifference of the de facto Government to these atrocities gone that some of these leaders, as I am advised, have received not only the protection of that Government, but encouragement and aid as well.

Depredations upon American persons and property within Mexican jurisdiction have been still more numerous. This Government has repeatedly requested in the strongest terms that the de facto Government safeguard the lives and homes of American citizens and furnish the protection which international obligation imposes to American interests in the northern States of Tamaulipas, Nuevo Leon, Coahuila, Chihuahua, and Sonora, and also in the States to the south. For example, on January 3 troops were requested to punish the bands of outlaws which looted the Cusi mining property, 80 miles west of Chihuahua, but no effective results came from this request. During the following week the bandit Villa, with his band of about 200 men, was operating with-

out opposition between Rubio and Santa Ysabel, a fact well known to Carrancista authorities. Meanwhile a party of unfortunate Americans started by train from Chihuahua to visit the Cusi mines, after having received assurances from the Carrancista authorities in the State of Chihuahua that the country was safe and that a guard on the train was not necessary. The Americans held passports or safe conducts issued by the authorities of the de facto Government. On January 10 the train was stopped by Villa bandits and 18 of the American party were stripped of their clothing and shot in cold blood, in what is now known as "the Santa Ysabel massacre."

The CHAIRMAN. I will interject for the information of my colleague that Santa Ysabel is about 60 miles west of Chihuahua and is on the railroad running out from Chihuahua. The Carrancistas at that time were supposed to have quite a large garrison at the city of Chihuahua, and, as the Secretary of State here has stated, and as I know to be true, not only issued safe conducts to insure the American in charge of this party that he could go to perfect safety but that they had troops along the railroad, and that no armed guard was necessary, although they requested an armed guard of the Carrancista commander.

On January 10 the train was stopped by Villa bandits and—

I am repeating—

and 18 of the American party were stripped of their clothing and shot in cold blood, in what is known as the Santa Ysabel massacre. Gen. Carranza stated to the agent of the Department of State that he had issued orders for the immediate pursuit, capture, and punishment of those responsible for this atrocious crime, and appealed to this Government and to the American people to consider the difficulties of according protection along the railroad where the massacre occurred. Assurances were also given by Mr. Arredondo, presumably under instructions from the de facto Government, that the murderers would be brought to justice, and that steps would also be taken to remedy the lawless conditions existing in the State of Durango. It is true that Villa, Castro, and Lopez were publicly declared to be outlaws and subject to apprehension and execution, but so far as known only a single man personally connected with this massacre has been brought to justice by Mexican authorities. Within a month after this barbarous slaughter of inoffensive Americans it was notorious that Villa was operating within 20 miles of Cusihuiriachic, and publicly stated that his purpose was to destroy American lives and property.

Despite repeated and insistent demands that military protection should be furnished to Americans, Villa openly carried on his operations, constantly approaching closer and closer to the border. He was not intercepted, nor were his movements impeded by troops of the de facto Government, and no effectual attempt was made to frustrate his hostile designs against Americans. In fact, as I am informed, while Villa and his band were slowly moving toward the American frontier in the neighborhood of Columbus, N. Mex., not a single Mexican soldier was seen in his vicinity. Yet the Mexican authorities were fully cognizant of his movements, for on March 6, as Gen. Gavira publicly announced, he advised the American military authorities of the outlaw's approach to the border, so that they might be prepared to prevent him from crossing the boundary. Villa's unhindered activities culminated in the unprovoked and cold-blooded attack upon American soldiers and citizens in the town of Columbus on the night of March 9, the details of which do not need repetition here in order to refresh your memory with the heinousness of the crime. After murdering, burning, and plundering, Villa and his bandits, fleeing south, passed within sight of the Carrancista military post at Casas Grandes, and no effort was made to stop him by the officers and garrison of the de facto Government stationed there.

In the face of these depredations not only on American lives and property on Mexican soil but on American soldiers, citizens, and homes on American territory, the perpetrators of which Gen. Carranza was unable or possibly considered it inadvisable to apprehend and punish, the United States had no recourse other than to employ force to disperse the bands of Mexican outlaws who were with increasing boldness systematically raiding across the inter-

national boundary. The marauders engaged in the attack on Columbus were driven back across the border by American cavalry, and subsequently, as soon as a sufficient force to cope with the band could be collected, were pursued into Mexico in an effort to capture or destroy them. Without cooperation or assistance in the field on the part of the de facto Government, despite repeated requests by the United States, and without apparent recognition on its part of the desirability of putting an end to these systematic raids or of punishing the chief perpetrators of the crimes committed, because they menaced the good relations of the two countries, American forces pursued the lawless bands as far as Parral, where the pursuit was halted by the hostility of Mexicans, presumed to be loyal to the de facto Government, who arrayed themselves on the side of outlawry and became in effect the protectors of Villa and his band.

In this manner and for these reasons have the American forces entered Mexican territory. Knowing fully the circumstances set forth, the de facto Government can not be blind to the necessity which compelled this Government to act, and yet it has seen fit to recite groundless sentiments of hostility toward the expedition and to impute to this Government ulterior motives for the continued presence of American troops on Mexican soil. It is charged that these troops crossed the frontier without first obtaining the consent or permission of the de facto Government. Obviously, as immediate action alone could avail, there was no opportunity to reach an agreement (other than that of March 10-13 now repudiated by Gen. Carranza) prior to the entrance of such an expedition into Mexico if the expedition was to be effective. Subsequent events and correspondence have demonstrated to the satisfaction of this Government that Gen. Carranza would not have entered into any agreement providing for an effective plan for the capture and destruction of the Villa bands. While the American troops were moving rapidly southward in pursuit of the raiders, it was the form and nature of the agreement that occupied the attention of Gen. Carranza rather than the practical object which it was to attain—the number of limitations that could be imposed upon the American forces to impede their progress rather than the obstacles that could be raised to prevent the escape of the outlaws. It was Gen. Carranza who suspended, through your note of April 12, all discussions and negotiations for an agreement along the lines of the protocols between the United States and Mexico concluded during the period 1882-1896, under which the two countries had so successfully restored peaceful conditions on their common boundary.

It may be mentioned here that, notwithstanding the statement in your note that "the American Government gave no answer to the note of the 12th of April," this note was replied to on April 14, when the department instructed Mr. Rodgers by telegraph to deliver this Government's answer to Gen. Carranza. Shortly after this reply the conferences between Gens. Scott, Funston, and Obregon began at El Paso, during which they signed on May 2 a project of a memorandum ad referendum regarding the withdrawal of American troops. As an indication of the alleged bad faith of the American Government, you state that though Gen. Scott declared in this memorandum that the destruction and dispersion of the Villa band "had been accomplished," yet American forces are not withdrawn from Mexico. It is only necessary to read the memorandum, which is in the English language, to ascertain that this is clearly a misstatement, for the memorandum states that "the American punitive expeditionary forces have destroyed or dispersed many of the lawless elements and bandits, \* \* \* or have driven them far into the interior of the Republic of Mexico," and further, that the United States forces were then "carrying on a vigorous pursuit of such small numbers of bandits or lawless elements as may have escaped." The context of your note gives the impression that the object of the expedition being admittedly accomplished, the United States had agreed in the memorandum to begin the withdrawal of its troops.

The memorandum shows, however, that it was not alone on account of partial dispersion of the bandits that it was decided to begin the withdrawal of American forces, but equally on account of the assurances of the Mexican Government that their forces were "at the present time being augmented and strengthened to such an extent that they will be able to prevent any disorders occurring in Mexico that would in any way endanger American territory," and that they would "continue to diligently pursue, capture, or destroy any lawless bands of bandits that may still exist or hereafter exist in the northern part of Mexico," and that it would "make a proper distribution of such of its forces as may be necessary to prevent the possibility of invasion of American territory from

Mexico." It was because of these assurances and because of Gen. Scott's confidence that they would be carried out that he stated in the memorandum that the American forces would be "gradually withdrawn." It is to be noted that, while the American Government was willing to ratify this agreement, Gen. Carranza refused to do so, as Gen. Obregon stated, because, among other things, it imposed improper conditions upon the Mexican Government.

Notwithstanding the assurances in the memorandum, it is well known that the forces of the de facto Government have not carried on a vigorous pursuit of the remaining bandits and that no proper distribution of forces to prevent the invasion of American territory has been made, as will be shown by the further facts hereinafter set forth. I am reluctant to be forced to the conclusion which might be drawn from these circumstances that the de facto Government, in spite of the crimes committed and the sinister designs of Villa and his followers, did not and does not now intend or desire that these outlaws should be captured, destroyed, or dispersed by American troops or, at the request of this Government, by Mexican troops.

Mr. DE BEKKER. Who was the Secretary of State, Senator, if I might ask?

The CHAIRMAN. Robert Lansing.

Mr. DE BEKKER. Was it Mr. Lansing who was instrumental in recognizing the present Government of Mexico? I observe that he is addressing there the de facto Government of Gen. Carranza. At the present time he addresses the constitutionalist government and President Carranza.

Senator, I admire you, sir. You are trying to lead me into an attack on the President of the United States for having recognized a government concerning which he allowed his Secretary of State to make that denouncement when it was a de facto government. I decline to be caught in any trap, Senator.

The CHAIRMAN. I have noticed in my somewhat varied experience that a man who is always suspicious bears watching.

Mr. DE BEKKER. Quite right.

The CHAIRMAN. There is no trap being laid for you at all, sir. I will disclose my purpose, if you do not understand it, when I get through reading the document I intend now to read into the record.

Mr. DE BEKKER. I beg your pardon, Senator; I had not intended to interrupt you.

The CHAIRMAN. I will pause here, however, to say that Secretary Lansing was the Secretary of State January 6, 1916, and as Secretary of State sent a message to the Senate of the United States in answer to a request of the Senate concerning Mexico and the recognition of Carranza by this Government, which report was indorsed as follows:

The report of the Secretary of State has my approval.

WOODROW WILSON, *White House*.

Mr. DE BEKKER. I see.

The CHAIRMAN (continuing the reading):

While the conferences at El Paso were in progress, and after the American conferees had been assured on May 2 that the Mexican forces in the northern part of the Republic were then being augmented so as to be able to prevent any disorders that would endanger American territory, a band of Mexicans, on the night of May 5, made an attack at Glenn Springs, Tex., about 20 miles north of the border, killing American soldiers and civilians, burning and sacking property, and carrying off two Americans as prisoners. Subsequent to this event, the Mexican Government, as you state, "gave instructions to Gen. Obregon to notify that of the United States that it would not permit the further passage of American troops into Mexico on this account, and that orders had been given to all military commanders along the frontier not to

consent to same." This Government is, of course, not in a position to dispute the statement that these instructions had been given to Gen. Obregon, but it can decisively assert that Gen. Obregon never gave any such notification to Gen. Scott or Gen. Funston or, so far as known, to any other American official. Gen. Obregon did, however, inquire as to whether American troops had entered Mexico in pursit of the Glenn Springs raiders, and Gen. Funston stated that no orders had been issued to American troops to cross the frontier on account of the raid, but this statement was made before any such orders had been issued, and not afterwards, as the erroneous account of the interview given in your note would appear to indicate. Moreover, no statement was made by the American generals that "no more American troops would cross into our territory."

On the contrary, it was pointed out to Gen. Obregon and to Mr. Juan Amador, who was present at the conference, and pointed out with emphasis, that the bandits De la Rosa and Pedro Vino, who had been instrumental in causing the invasion of Texas above Brownsville, were even then reported to be arranging in the neighborhood of Victoria for another raid across the border, and it was made clear to Gen. Obregon that if the Mexican Government did not take immediate steps to prevent another invasion of the United States by these marauders, who were frequently seen in the company of Gen. Nafarrete, the Constitutionalist commander, Mexico would find in Tamaulipas another punitive expedition similar to that then in Chihuahua. American troops crossed into Mexico on May 10, upon notification to the local military authorities, under the repudiated agreement of March 10-13, or in any event in accordance with the practice adopted over 40 years ago, when there was no agreement regarding pursuit of marauders across the international boundary. These troops penetrated 168 miles into Mexican territory in pursuit of the Glenn Springs marauders without encountering a detachment of Mexican troops or a single Mexican soldier. Further discussion of this raid, however, is not necessary, because the American forces sent in pursuit of the bandits recrossed into Texas on the morning of May 22, the date of your note under consideration—a further proof of the singleness of purpose of this Government in endeavoring to quell disorder and stamp out lawlessness along the border.

During the continuance of the El Paso conferences, Gen. Scott, you assert, did not take into consideration the plan proposed by the Mexican Government for the protection of the frontier by the reciprocal distribution of troops along the boundary. This proposition was made by Gen. Obregon a number of times, but each time conditioned upon the immediate withdrawal of American troops, and the Mexican conferees were invariably informed that immediate withdrawal could not take place, and that therefore it was impossible to discuss the project on that basis.

I have noted the fact that your communication is not limited to a discussion of the deplorable conditions existing along the border and their important bearing on the peaceful relations of our Governments, but that an effort is made to connect it with other circumstances in order to support, if possible, a mistaken interpretation of the attitude of the Government of the United States toward Mexico. You state in effect that the American Government has placed every obstacle in the way of attaining the pacification of Mexico, and that this is shown by the volume of diplomatic representations in behalf of American interests which constantly impede efforts to reorganize the political, economical, and social conditions of the country; by the decided aid lent at one time to Villa by American officers and by the Department of State; by the aid extended by the American Catholic clergy to that of Mexico; by the constant activity of the American press in favor of intervention and the interests of American business men; by the shelter and supply of rebels and conspirators on American territory; by the detention of shipments of arms and munitions purchased by the Mexican Government; and by the detention of machinery intended for their manufacture.

In reply to this sweeping charge, I can truthfully affirm that the American Government has given every possible encouragement to the de facto Government in the pacification and rehabilitation of Mexico. From the moment of its recognition it has had the undivided support of this Government. An embargo was placed upon arms and ammunition going into Chihuahua, Sonora, and Lower California, in order to prevent their falling into the hands of the armed opponents of the de facto Government. Permission has been granted from time to time, as requested, for Mexican troops and equipment to traverse American territory from one point to another in Mexico in order that the operations of

Mexican troops against Villa and his forces might be facilitated. In view of these friendly acts, I am surprised that the de facto Government has construed diplomatic representations in regard to the unjust treatment accorded American interests, private assistance to opponents to the de facto Government by sympathizers in a foreign country, and the activity of a foreign press as interference by the United States Government in the domestic politics of Mexico. If a denial is needed that this Government has had ulterior and improper motives in its diplomatic representations, or has countenanced the activities of American sympathizers and the American press opposed to the de facto Government, I am glad most emphatically to deny it. It is, however, a matter of common knowledge that the Mexican press has been more active than the press in the United States in endeavoring to inflame the two peoples against each other and to force the two countries into hostilities.

With the power of censorship of the Mexican press so rigorously exercised by the de facto Government, the responsibility for this activity can not, it would seem, be avoided by that Government, and the issue of the appeal of Gen. Carranza himself, in the press of March 12, calling upon the Mexican people to be prepared for any emergency which might arise, and intimating that war with the United States was imminent, evidences the attitude of the de facto Government toward these publications. It should not be a matter of surprise that after such manifestations of hostile feeling the United States was doubtful of the purpose for which the large amount of ammunition was to be used which the de facto Government appeared eager to import from this country. Moreover, the policy of the de facto Government in refusing to cooperate and in failing to act independently in destroying the Villa bandits and in otherwise suppressing outlawry in the vicinity of the border so as to remove the danger of war materials, while passing southward through this zone, falling into the hands of the enemies of law and order is, in the opinion of this Government, a sufficient ground, even if there were no other, for the refusal to allow such materials to cross the boundary into the bandit-infested region. To have permitted these shipments without careful scrutiny would, in the circumstances, have been to manifest a sense of security which would have been unjustified.

Candor compels me to add that the unconcealed hostility of the subordinate military commanders of the de facto Government toward the American troops engaged in pursuing the Villa bands and the efforts of the de facto Government to compel their withdrawal from Mexican territory by threats and show of military force instead of by aiding in the capture of the outlaws constitute a menace to the safety of the American troops and to the peace of the border. As long as this menace continues and there is any evidence of an intention on the part of the de facto Government or its military commanders to use force against the American troops instead of cooperating with them, the Government of the United States will not permit munitions of war or machinery for their manufacture to be exported from this country to Mexico.

As to the shelter and supply of rebels and conspirators on American territory, I can state that vigorous efforts have been and are being made by the agents of the United States to apprehend and bring to justice all persons found to be conspiring to violate the laws of the United States by organizing to oppose with arms the de facto Government of Mexico. Political refugees have undoubtedly sought asylum in the United States, but this Government has vigilantly kept them under surveillance and has not hesitated to apprehend them upon proof of their criminal intentions, as the arrest of Gen. Huerta and others fully attests.

Having corrected the erroneous statements of fact to which I have adverted, the real situation stands forth in its true light. It is admitted that American troops have crossed the international boundary in hot pursuit of the Columbus raiders and without notice to or the consent of your Government, but the several protestations on the part of this Government by the President, by this Department, and by other American authorities, that the object of the expedition was to capture, destroy, or completely disperse the Villa bands of outlaws or to turn this duty over to the Mexican authorities when assured that it would be effectively fulfilled, have been carried out in perfect good faith by the United States. Its efforts, however, have been obstructed at every point; first, by insistence on a palpably useless agreement which you admit was either not to apply to the present expedition or was to contain impracticable restrictions on its organization and operation; then by actual opposition, encouraged and fostered by the de facto Government, to the further advance of the expedition into Villa territory, which was followed by the sudden suspension of all nego-



tations for an arrangement for the pursuit of Villa and his followers and the protection of the frontier; and finally by a demand for the immediate withdrawal of the American troops. Meantime, conditions of anarchy in the border States of Mexico were continually growing worse. Incursions into American territory were plotted and perpetrated; the Glenn Springs raid was successfully executed, while no effective efforts were being made by Gen. Carranza to improve the conditions and to protect American territory from constant threat of invasion.

In view of this increasing menace, of the inactivity of the Carranza forces, of the lack of cooperation in the apprehension of the Villa bands, and of the known encouragement and aid given to bandit leaders, it is unreasonable to expect the United States to withdraw its forces from Mexican territory or to prevent their entry again when their presence is the only check upon further bandit outrages and the only efficient means of protecting American lives and homes—safeguards which Gen. Carranza, though internationally obligated to supply, is manifestly unable or unwilling to give.

In view of the actual state of affairs as I have outlined it above, I am now in a position to consider the conclusions which you have drawn in your note under acknowledgment from the erroneous statements of fact which you have set forth.

Your Government intimates, if it does not openly charge, that the attitude of the United States is one of insincerity, distrust, and suspicion toward the de facto government of Mexico and that the intention of the United States in sending its troops into Mexico is to extend its sovereignty over Mexican territory, and not merely for the purpose of pursuing marauders and preventing future raids across the border. The de facto Government charges by implication which admits of but one interpretation that this Government has as its object territorial aggrandizement, even at the expense of a war of aggression, against a neighbor weakened by years of civil strife. The Government of the United States, if it had had designs upon the territory of Mexico, would have had no difficulty in finding during this period of revolution and disorder many plausible arguments for intervention in Mexican affairs. Hoping, however, that the people of Mexico would through their own efforts restore peace and establish an orderly government, the United States has awaited with patience the consummation of the revolution.

When the superiority of the revolutionary faction led by Gen. Carranza became undoubted, the United States, after conferring with six others of the American Republics, recognized unconditionally the present de facto Government. It hoped and expected that that Government would speedily restore order and provide the Mexican people and others, who had given their energy and substance to the development of the great resources of the Republic, opportunity to rebuild in peace and security their shattered fortunes.

This Government has waited month after month for the consummation of its hope and expectation. In spite of increasing discouragements, in spite of repeated provocations to exercise force in the restoration of order in the northern regions of Mexico, where American interests have suffered most seriously from lawlessness, the Government of the United States has refrained from aggressive action and sought by appeals and moderate, though explicit, demands to impress upon the de facto Government the seriousness of the situation and to arouse it to its duty to perform its international obligations toward citizens of the United States who had entered the territory of Mexico or had vested interests within its boundaries.

In the face of constantly renewed evidences of the patience and restraint of this Government in circumstances which only a government imbued with unselfishness and a sincere desire to respect to the full the sovereign rights and national dignity of the Mexican people would have endured, doubts and suspicions as to the motives of the Government of the United States are expressed in your communication of May 22, for which I can imagine no purpose but to impugn the good faith of this Government, for I find it hard to believe that such imputations are not universally known to be without the least shadow of justification in fact.

Can the de facto Government doubt that, if the United States had turned covetous eyes on Mexican territory, it could have found many pretexts in the past for the gratification of its desire? Can that Government doubt that months ago, when the war between the revolutionary factions was in progress, a much better opportunity than the present was afforded for American intervention, if such has been the purpose of the United States as the de facto

Government now insinuates? What motive could this Government have had in refraining from taking advantage of such opportunities other than unselfish friendship for the Mexican Republic? I have of course given consideration to your argument that the responsibility for the present situation rests largely upon this Government. In the first place, you state that even the American forces along the border, whose attention is undivided by other military operations, "Find themselves physically unable to protect effectively the frontier on the American side."

Obviously, if there is no means of reaching bands roving on Mexican territory and making sudden dashes at night into American territory it is impossible to prevent such invasions unless the frontier is protected by a cordon of troops. No government could be expected to maintain a force of this strength along the boundary of a nation with which it is at peace for the purpose of resisting the onslaughts of a few bands of lawless men, especially when the neighboring State makes no effort to prevent these attacks. The most effective method of preventing raids of this nature, as past experience has fully demonstrated, is to visit punishment or destruction on the raiders. It is precisely this plan which the United States desires to follow along the border without any intention of infringing upon the sovereign rights of her neighbor, but which, although obviously advantageous to the de facto Government, it refuses to allow or even countenance. It is in fact protection to American lives and property about which the United States is solicitous and not the methods or ways in which that protection shall be accomplished. If the Mexican Government is unwilling or unable to give this protection by preventing its territory from being the rendezvous and refuge of murderers and plunderers, that does not relieve this Government from its duty to take all the steps necessary to safeguard American citizens on American soil. The United States Government can not and will not allow bands of lawless men to establish themselves upon its borders with liberty to invade and plunder American territory with impunity and, when pursued, to seek safety across the Rio Grande, relying upon the plea of their Government that the integrity of the soil of the Mexican Republic must not be violated.

The Mexican Government further protests that it has "made every effort on its part to protect the frontier," and that it is doing "all possible to avoid a recurrence of such acts." Attention is again invited to the well-known and unrestricted activity of De la Rosa, Ancieto Pliscano, Pedro Vinos, and others in connection with border raids, and to the fact, as I am advised, up to June 4 De la Rosa was still collecting troops at Monterey for the openly avowed purpose of making attacks on Texan border towns, and that Pedro Vino was recruiting at other places for the same avowed purpose. I have already pointed out the uninterrupted progress of Villa to and from Columbus and the fact that the American forces in pursuit of the Glenn Springs marauders penetrated 168 miles into Mexican territory without encountering a single Carrancista soldier. This does not indicate that the Mexican Government is doing "all possible," this is not sufficient to prevent border raids, and there is every reason therefore why this Government must take such preventive measures as it deems sufficient.

It is suggested that injuries suffered on account of bandit raids are a matter of "pecuniary reparation," but "never the cause for American forces to invade Mexican soil." The precedents which have been established and maintained by the Government of the Mexican Republic for the last half century do not bear out this statement. It has grown to be almost a custom not to settle depredations of bandits by payments of money alone, but to quell such disorders and to prevent such crimes by swift and sure punishment.

The de facto Government finally argues that "If the frontier were duly protected from incursions from Mexico there would be no reason for the existing difficulty;" thus the de facto Government attempts to absolve itself from the first duty of any government, namely, the protection of life and property. This is the paramount obligation for which governments are instituted, and governments neglecting or failing to perform it are not worthy of the name. This is the duty for which Gen. Carranza, it must be assumed, initiated his revolution in Mexico and organized the present Government, and for which the United States Government recognized his Government as the de facto Government of Mexico. Protection of American lives and property, then, in the United States is, first, the obligation of this Government, and in Mexico is, first, the obligation of Mexico, and second, the obligation of the United States. In securing this protection along the common boundary the United States has

a right to expect the cooperation of its neighboring Republic; and yet, instead of taking steps to check or punish the raiders, the *de facto* Government demurs and objects to measures taken by the United States. The Government of the United States does not wish to believe that the *de facto* Government approves these marauding attacks, yet as they continue to be made they show that the Mexican Government is unable to repress them. This inability, as this Government has had occasion in the past to say, may excuse the failure to check the outrages complained of; but it only makes stronger the duty of the United States to prevent them, for if the Government of Mexico can not protect the lives and property of Americans exposed to attack from Mexicans, the Government of the United States is in duty bound, so far as it can, to do so.

In conclusion, the Mexican Government invites the United States to support its "assurances of friendship with real and effective acts," which "can be no other than the immediate withdrawal of the American troops." For the reasons I have herein fully set forth this request of the *de facto* government can not now be entertained. The United States has not sought the duty, which has been forced upon it, of pursuing bandits who under fundamental principles of municipal and international law ought to be pursued and arrested and punished by Mexican authorities. Whenever Mexico will assume and effectively exercise that responsibility, the United States, as it has many times before publicly declared, will be glad to have this obligation fulfilled by the *de facto* government of Mexico. If, on the contrary, the *de facto* government is pleased to ignore this obligation and to believe that "in case of a refusal to retire these troops there is no further recourse than to defend its territory by an appeal to arms," the Government of the United States would surely be lacking in sincerity and friendship if it did not frankly impress upon the *de facto* government that the execution of this threat will lead to the gravest consequences. While this Government would deeply regret such a result, it can not recede from its settled determination to maintain its national rights and to perform its full duty in preventing further invasions of the territory of the United States and in removing the peril which Americans along the international boundary have borne so long with patience and forbearance.

Accept, etc.,

ROBERT LANSING.

The CHAIRMAN. Do you know of any American, or any publication here which had gone any further in advocating, or suggesting, armed intervention in Mexico, than that spoken of by the Secretary of State?

Mr. DE BEKKER. I should say that Mr. Lansing has written an extremely able paper justifying the then intervention in Mexico, Senator, and if the facts he sets forth then were now true he might easily be called in here to explain why we have recognized the Constitutionalist Government of which Gen. Carranza is now president.

The CHAIRMAN. The act of recognition preceded this nearly a year—eight months prior.

Mr. DE BEKKER. They speak of them there as a "*de facto*" government; they speak of them now as the "*Mexican*" Government.

The CHAIRMAN. You place your own interpretation on that. I am not attempting to say what character of recognition this Government has given to Mexico.

Mr. DE BEKKER. I am indicating my belief that conditions are not quite now as they were then.

The CHAIRMAN. You spoke of recognition. Now recognition is a fact whether of a *de facto* or of a *de jure* government. Whether this Government has gone any further than it went on June 20 in the recognition of any government I have no knowledge—have you?

Mr. DE BEKKER. I assume there has been an exchange of ambassadors since that time and prior to that time they were merely diplomatic agents.

The CHAIRMAN. You have some knowledge of the fact that this Government has extended some further or other recognition to the Mexican Government than existed at that time?

Mr. DE BEKKER. By sending an ambassador; yes.

The CHAIRMAN. That is your information. Do you know anything about it?

Mr. DE BEKKER. You know Mr. Fletcher has been sent down there.

The CHAIRMAN. I know he was sent down there, and I know he is not there now.

Mr. DE BEKKER. Yes.

The CHAIRMAN. So do you?

Mr. DE BEKKER. Yes.

The CHAIRMAN. Then, as Mr. Fletcher is not there now, under your construction we would have withdrawn recognition from Mexico?

Mr. DE BEKKER. Not at all. I understood he was here on a leave of absence. If he had been withdrawn that would be different.

The CHAIRMAN. I am not passing on that. I simply asked you a question. Do you know of any efforts by any American or association of Americans, through publicity or otherwise, going any further than Mr. Lansing himself goes, warning that this Government is prepared to go in—calling attention to any such alleged atrocities, or constituting any greater slander upon the Mexican Government than is contained in the note I have just read?

Mr. DE BEKKER. Senator, I am not saying even that what that note contains is a slander. If you would oblige me in doing that, to say either that Secretary Lansing is mistaken or that he is making a false statement. I do not think he is mistaken. I am not saying he is making a false statement. What I am saying is Mr. Lansing has prepared an extremely strong state paper to justify the condition then existing, but I can not see why that should be used as a means to bolster up the intervention now projected. I can not see the relevancy of it, sir.

The CHAIRMAN. Do you know there is an intervention now projected?

Mr. DE BEKKER. The New York Sun, in the article you have there, said so.

The CHAIRMAN. Is that the only source of your information on the subject?

Mr. DE BEKKER. No, sir; the newspapers are full of it daily. The President of the United States said only yesterday, or a few days ago, that he was trying to keep the country out of a war and the Senate was apparently trying to get it into a war, in his Des Moines address.

Senator BRANDEGEE. With Mexico?

Mr. DE BEKKER. He did not specify.

Senator BRANDEGEE. Do you think he was referring to Mexico?

Mr. DE BEKKER. I can not read the mind of the President.

This morning the Washington Post gives a long story of an account of an interview with Gen. Pershing and his staff in which it is deliberately stated Gen. Pershing asked his staff to prepare for war specifically against Mexico and against Japan. The papers are full of these things, Senator.

Senator BRANDEGEE. Do you know whether that is a true report of Gen. Pershing's views or not?

Mr. DE BEKKER. I could not give a reply there, Senator. It is signed by Ryley Grannon, a well-known political writer of Washington, and must be better known to you than to me.

Senator BRANDEGEE. Who do you think he is?

Mr. DE BEKKER. I don't know.

Senator BRANDEGEE. He is not known to me.

Mr. DE BEKKER. By reputation I would assume you had been reading the Washington Post, and know him better than I.

Senator BRANDEGEE. I doubt if he is a real person at all.

Mr. DE BEKKER. His words sound very real to me.

Senator BRANDEGEE. The words are there, of course. If you know who he is I would be glad to be introduced to him.

Mr. DE BEKKER. I think if you called up the office of the Washington Post—

Senator BRANDEGEE. I have done that, and been informed that there is no such person.

Mr. DE BEKKER. Then you are better informed than I, Senator.

Senator BRANDEGEE. Possibly as to his identity, but not better informed as to the facts.

The CHAIRMAN. Again to get back to our subject matter, in this article which you wrote to the President—I will use again your words: "The only people in fact, Mr. President, who have been actively engaged in a shameless effort, by the publication of alleged atrocities and by the slander of the whole Mexican nation, to force an intervention"—my question as to the slander was a hypothetical question whether you knew anything, if so, I would like to have it, which contains a more serious attack upon the Carranza Government or conditions in Mexico, anything now going on in the shape of propaganda from Mr. Boynton's company, or otherwise, than is contained in this article which you said you had never read, which I have just read to you.

Mr. DE BEKKER. I can not in the first place tell the extent to which Mr. Boynton's bureau is operating. I shall have to leave that—

The CHAIRMAN. You have accused American citizens, here, Mr. Witness, in a letter to the President which you are sending out now, of being guilty of the publication of alleged atrocities and by the slander of the whole Mexican nation of attempting to bring about an intervention. Now, if you can make good, I wish you would quit equivocating.

Mr. DE BEKKER. I beg your pardon, Senator, I do not equivocate.

The CHAIRMAN. Then give us the information for which I am asking.

Mr. DE BEKKER. Well, sir, I refer to the files of the daily papers, which are full of it.

The CHAIRMAN. Such interview as that of Ryley Grannon, to which you have referred, and the reported words of the President of the United States, but just—

Mr. DE BEKKER. Senator, I refer you again to the article in the New York Sun which you have before you, which gives the details.

The CHAIRMAN. And I ask you for any other information.

Mr. DE BEKKER. That is quite sufficient.

The CHAIRMAN. It is?

Mr. DE BEKKER. You have the information in that memorandum.

The CHAIRMAN. I do not think so and I am seeking other information, and that is my question.

Mr. DE BEKKER. I say I will be glad to comply with your request and send you other matter.

The CHAIRMAN. I wish you would do that.

Mr. DE BEKKER. I will mail it to you.

The CHAIRMAN. And I wish you would call the attention of the committee to any slander upon Mexico.

Mr. DE BEKKER. I will subscribe to a clipping bureau, Senator, to make quite sure you don't miss anything.

The CHAIRMAN. This is all you know about it?

Mr. DE BEKKER. Oh, no.

The CHAIRMAN. All you have to sustain such an allegation is what you give here in this general conversation now, and the matter to which you refer?

Mr. DE BEKKER. I make the allegation in the letter to the President and I repeat it to you that I believe there is a plot, and I believe the President knows who is concerned in it, and I can not be driven out of that statement by any questions you may put, excellent lawyer as you are, Senator.

The CHAIRMAN. I am asking you for the information upon which you base such statements.

Mr. DE BEKKER. I am quoting the New York Sun, the daily press in its issues to-day and yesterday, and its issues to-morrow, which I promise you you shall receive in full.

The CHAIRMAN. Mr. de Bekker, how much are you receiving for this particular propaganda work?

Mr. DE BEKKER. I wrote you a letter, Senator, the other day to which I attached a jurat that I made when I thought you did not want to see me here. Did you receive that letter?

The CHAIRMAN. I received a letter.

Mr. DE BEKKER. That is a complete answer and I ask that that be read into the record.

The CHAIRMAN. No, sir; I shall not read it into the record, because I do not want to make any personal question between yourself and myself, or any other witness and myself, but before this investigation is over I will see, I think, that yourself and others will be satisfied concerning just such statements as you are making. I am affording you an opportunity to satisfy yourself. I am perfectly willing now that we should have any facts upon which you base any of the statements which you are using in sending out your propaganda material for the League of Free Nations Association, and that is what you are here for, to give us any facts that may be in your possession.

Mr. DE BEKKER. We send out nothing, Senator, that has not been received and compared in the most careful way, and we deal in facts only. We do not do it in an underhanded way. The matter is published to the world. We began by printing an advertisement in the leading trade papers, in the journalistic service, offering free service and sending it to three hundred and fifty papers. If any of them do not want it they will cut it off and we will send it where it is

wanted. We are not taking refuge behind anonymous statements. We are not sending out anything that is not true, and to the best of my knowledge and belief we are not sending out anything that is exaggerated. I would be very glad, if you desire, to put you on our mailing list so you will get everything.

The CHAIRMAN. I think I am on the mailing list.

Mr. DE BEKKER. Are you on the mailing list?

The CHAIRMAN. Mr. McDonald, is seeing. I think, that I get everything.

Mr. DE BEKKER. I did not know he had promised that.

The CHAIRMAN. Mr. de Bekker, do you speak Spanish?

Mr. DE BEKKER. I am a one language man, Senator. I am like yourself.

The CHAIRMAN. Then you do not speak Spanish,

Mr. DE BEKKER. I do not speak Spanish. Oh, I can ask for what I want in a hotel, or anything.

The CHAIRMAN. When did you first become acquainted with Mexico?

Mr. DE BEKKER. I was in Mexico for the first time last winter.

The CHAIRMAN. 1919?

Mr. DE BEKKER. 1919.

The CHAIRMAN. Where did you go in Mexico while you were there?

Mr. DE BEKKER. Well, I went to Mexico by the way of Havana which, as you know, means stopping at Progreso, then going on to Vera Cruz. From Vera Cruz I went to Mexico City.

The CHAIRMAN. How?

Mr. DE BEKKER. By rail.

The CHAIRMAN. How long did you remain in Mexico City?

Mr. DE BEKKER. I should say four or five weeks, Senator.

The CHAIRMAN. Where did you go from Mexico City?

Mr. DE BEKKER. I made one little excursion out of Mexico City to Pueblo, and sometime later than that, in fact, just as I was on the point of coming north again, I went to a station some miles west of Guadalajara—I don't remember the name of it—and returned from there to Mexico City. I went to San Luis Potosi and from there to Tampico, and by sea to New York.

The CHAIRMAN. How did you go from Guadalajara west?

Mr. DE BEKKER. By train, as the guest of the President.

The CHAIRMAN. You do not remember the point to which you went?

Mr. DE BEKKER. The occasion of the visit was the opening of a new branch railway and it was some little Indian town about 90 miles west of Guadalajara. We remained in Guadalajara and simply went down to see the station opened. I don't remember the name.

The CHAIRMAN. You say you were traveling as the guest of the President, Mr. Carranza?

Mr. DE BEKKER. Yes, sir.

The CHAIRMAN. On his private car?

Mr. DE BEKKER. No; I was traveling in a private car, but the President, I believe, had two private cars for his own use.

The CHAIRMAN. In your other travels in Mexico, to Pueblo, how did you go?

Mr. DE BEKKER. I went in a first-class coach on that occasion.

The CHAIRMAN. Who went with you?

Mr. DE BEKKER. My wife, Mr. Luis Cabrera, who afterwards became secretary of the treasury there, and his sister, Miss Cabrera.

The CHAIRMAN. And your other trips in Mexico were made how?

Mr. DE BEKKER. Which other trips?

The CHAIRMAN. How did you make them—that you have spoken of?

Mr. DE BEKKER. Well, I traveled from Habana by steamer.

The CHAIRMAN. But those in Mexico, I said—those, of which you have spoken.

Mr. DE BEKKER. I beg your pardon. I traveled in company with Mr. Cabrera to Pueblo on the train. I dined with his brother, who is governor of the State, I think on Sunday, and went back the following day. I went to Guadalajara and that small town farther west as a guest of Mr. Carranza, and from Mexico City I went to San Luis Potosi because I wanted to see Tampico before returning to the United States.

The CHAIRMAN. How did you go to San Luis Potosi?

Mr. DE BEKKER. By Pullman.

The CHAIRMAN. Who went with you?

Mr. DE BEKKER. My wife.

The CHAIRMAN. No one else?

Mr. DE BEKKER. No, sir.

The CHAIRMAN. Did you go to Tampico?

Mr. DE BEKKER. Yes, sir.

The CHAIRMAN. Who went with you?

Mr. DE BEKKER. My wife.

The CHAIRMAN. No one else?

Mr. DE BEKKER. No, sir.

The CHAIRMAN. Did you receive any compensation from Carranza while there?

Mr. DE BEKKER. You have my jurat on that. I received no compensation from President Carranza or any foreigner. You have my jurat on that.

The CHAIRMAN. You are a witness now.

Mr. DE BEKKER. I am a witness, but I have some rights even in a matter of this character.

The CHAIRMAN. You can decline to answer.

Mr. DE BEKKER. I have a copy of the letter here if you say you haven't it.

The CHAIRMAN. You can decline to answer.

Mr. DE BEKKER. I am not declining to answer.

The CHAIRMAN. Then content yourself with that.

Mr. DE BEKKER. I am not declining.

The CHAIRMAN. You know Mr. Weeks, you say?

Mr. DE BEKKER. Yes.

The CHAIRMAN. You know what business he is in?

Mr. DE BEKKER. I do; publisher.

The CHAIRMAN. And you are in correspondence with him?

Mr. DE BEKKER. I am.

The CHAIRMAN. And some of this material which you have been publishing you say you get from Mr. Weeks?

Mr. DE BEKKER. Yes, sir; from Mr. Weeks.



The CHAIRMAN. And you are employed by the League of Free Nations, and practically their publicity man, I presume you call yourself?

Mr. DE BEKKER. I beg pardon; I do not call myself anything of the kind.

The CHAIRMAN. What is your position then?

Mr. DE BEKKER. I am simply a member of the committee on Mexico.

The CHAIRMAN. I gather from that, and from what Mr. McDonald stated, that you practically prepared all the articles, as he says, except those which he cut out with the shears from some papers, and that they were published without being passed on by any other member of this committee, excepting one article.

Mr. DE BEKKER. Mr. McDonald and I are jointly responsible for the activities of the society in that respect.

The CHAIRMAN. And you are under a salary from the society?

Mr. DE BEKKER. Precisely.

Senator BRANDEGEE. Are the other members of the committee on Mexican affairs under salary?

Mr. DE BEKKER. No; I have explained this salary part in this letter to the Senator, which he declines to read.

Senator BRANDEGEE. You are here giving testimony.

Mr. DE BEKKER. I would be glad to explain that matter to you.

Senator BRANDEGEE. No; I want to have you explain it for the record.

Mr. DE BEKKER. I would be very glad, Senator, to explain that for the record, with that as a foundation.

Senator BRANDEGEE. No; nobody can read letters to members of the committee and have them put in the record unless ordered by the committee.

Mr. DE BEKKER. I was first elected a member of the committee on Mexico, and at a meeting held some time after my election I was asked if I could give my entire time to the work of the committee, the other members of the committee being more or less occupied with matters that did not permit of their giving any time except such as necessary to attend conferences. And I agreed to do so.

Senator BRANDEGEE. I do not criticize it at all. It is perfectly legitimate.

Mr. DE BEKKER. There is nothing to criticize.

Senator BRANDEGEE. But you say you want to explain it.

Mr. DE BEKKER. All I want to make clear is that I am nothing more than a member of the committee, being paid for giving my entire time. I am not a secretary or a chairman or a publicity clerk, but merely a member of the committee.

Senator BRANDEGEE. You are a member of the committee under salary to give out articles. Whether you call it publicity or not, the articles are published.

Mr. DE BEKKER. Mr. McDonald and I together have general charge of that work; yes.

Senator BRANDEGEE. Is Mr. McDonald paid also?

Mr. DE BEKKER. I presume he is; but Mr. McDonald's salary is a matter I do not know anything about. There is no desire to conceal anything, Senator.

Senator BRANDEGEE. No, no; but I do not quite understand the difference between writing articles and publishing them in a paper for a salary and being a publicity man for an organization, but there may be a distinction.

Senator, did you want to ask something?

The CHAIRMAN. No.

Senator BRANDEGEE. I did not want to interfere with your examination.

The CHAIRMAN. No.

Senator BRANDEGEE. You say nothing goes out except facts.

Mr. DE BEKKER. Not to my knowledge, Senator.

Senator BRANDEGEE. Now, when articles are sent to you which you approve and publish, do you investigate the statements of fact contained in those articles if you know nothing about them yourself—

Mr. DE BEKKER. Senator—

Senator BRANDEGEE. Wait a minute, please, until I ask the question before you start to answer—to ascertain whether the statements stated to be facts are really facts?

Mr. DE BEKKER. Well, we receive material for publication practically only from our own members or from Mr. Weeks, and I know Mr. Weeks quite well and am quite sure of his reliability and truthfulness on all matters.

Senator BRANDEGEE. Do you think that answers the question I asked you?

Mr. DE BEKKER. I am sorry. I did; and I will try to be more explicit if you will make it clearer.

Senator BRANDEGEE. I can not make it any clearer, but I will repeat the question, which is this: When you receive an article which is before you for your approval and publication, do you attempt to investigate the truth of what are alleged to be facts in that article?

Mr. DE BEKKER. In the case, for example, of an article sent to us by Mr. Norman Thomas we would weigh it with regard to the facts, and finding the facts, as we think, correctly stated, we are glad to use it. In the case of an article such as we send out from the Oil, Paint, and Drug Reporter dealing with the Mexican oil situation, we assume that the caption on the page carried its own proof of authenticity. Dr. Santaella being the chief of the petroleum commission of Mexico, we did not think it necessary to go behind Dr. Santaella. He is the greatest petroleum authority in Mexico. So, when we sent an article about the Huesteca concession of Mexico we knew that came from Mr. Weeks, published in the same publication, so we did not do more than arrange with the publishers to get some copies of it.

In every case it so happens matters submitted which we have sent out come from people whom we know perfectly well, Senator, and we certainly would not willingly send out matter the veracity of which could be questioned in any way.

Senator BRANDEGEE. I am not, of course, making the assertion that you send out anything you think is untrue, but you have stated that you send out nothing except the facts, and I wanted to know what pains you took to ascertain whether they were facts or not. Now, as I understand you, articles that come from certain sources you know are correct because of your knowledge of the people who wrote them, without attempting to investigate it?

Mr. DE BEKKER. Yes; just as it would be in a great newspaper office, men whom we can trust.

Senator BRANDEGEE. Now you say you believe there is a plot to force armed intervention in Mexico.

Mr. DE BEKKER. I do, Senator.

Senator BRANDEGEE. You state that you believe that because articles are continually appearing in newspapers reciting alleged atrocities which occur in Mexico. When the chairman asks you if you have any evidence which makes you believe there is a plot, other than reading these newspaper articles, you say you have none other?

Mr. DE BEKKER. If you will read the article which the Senator has before him in the Nation you find that I have very specifically said, Senator, that the evidence of a plot is largely circumstantial, and you will recall, Senator, that I have promised more specific details of the atrocity stories in the daily press.

Senator BRANDEGEE. I have not read the article in the Nation.

Mr. DE BEKKER. The statement is there.

Senator BRANDEGEE. I am relying on your testimony here now. I can read the Nation any time, but I want it for the purpose of examining you here. As I understand it, at least one of the purposes is to find out what evidence there is, that there is a plot, or a conspiracy to force intervention in Mexico, and if there is one, who is in it. Now, you say it is a matter of belief with you, based upon circumstantial evidence, and one of these features of the circumstantial evidence is the prevalence of newspaper reports calling attention to atrocities in Mexico. Did you investigate systematically these newspaper reports calling attention to the alleged atrocities to ascertain whether they are real atrocities, or whether they are lies?

Mr. DE BEKKER. I wish that we had an organization large enough, Senator, to enable us to do that, but we are not large enough to permit of personal investigation.

Senator BRANDEGEE. You do not know of any disorders or atrocities in Mexico?

Mr. DE BEKKER. I am aware there are disorders in both countries.

Senator BRANDEGEE. I am not discussing disorders in this country. That is not the object of this committee and not our duty. We are not charged with investigating them. We are charged, however, with the duty of investigating what is the situation in Mexico. Now, you say you wish you had means to investigate the reports of the daily press as to the disorders and atrocities in Mexico. You mean by that, I assume, that you have not means to investigate them?

Mr. DE BEKKER. We have Mr. Weeks with whom we communicate when we want direct information from Mexico City, but the information you speak of now I think is a matter along the border. We have no means of investigating that.

Senator BRANDEGEE. I did not refer to atrocities along the border alone. I referred to all atrocities which are being perpetrated, or alleged to be perpetrated, all over Mexico. Now, as I understand you, you have no means of investigating the various reports in the newspapers describing such atrocities, have you?

Mr. DE BEKKER. Well, we get denials from the Mexican papers on that, Senator, from time to time.

Senator BRANDEGEE. Of course, if you read the Mexican papers, but I mean on your own behalf.

Mr. DE BEKKER. In some instances we have specific denials from Mr. Weeks.

Senator BRANDEGEE. Mr. Weeks, of course, does not spread himself all over Mexico to investigate every atrocity.

Mr. DE BEKKER. Well, the Mexican daily papers have correspondents all over Mexico. They are pretty good papers.

Senator BRANDEGEE. Have you any knowledge of the veracity or thoroughness of the investigation conducted by Mr. Weeks of the reported atrocities?

Mr. DE BEKKER. I would say, Senator, that Mr. Weeks is a highly intelligent and well-trained newspaper man who has before him the entire daily press of Mexico City, and to my mind he is an absolutely fair and impartial man.

Senator BRANDEGEE. Do you think the Mexican press is entirely fair and impartial in statements about these matters?

Mr. DE BEKKER. I do not believe you can say generally of any press that it is entirely fair.

Senator BRANDEGEE. You are claiming that a large part of the American press is not fair, are you not?

Mr. DE BEKKER. No; I do not think it can be said that the press of any country is completely above reproach.

Senator BRANDEGEE. Neither do I. But what has that got to do with it?

Mr. DE BEKKER. What I was going to say, Senator, if you will allow me, there are in Mexico City two really first-class papers, as we would regard them in the United States. I am speaking as a journalist now, well edited, full of news, and having press dispatches from all over Mexico. I think that statement is true of *El Universal* and *Excelsior*. Both of those have a high reputation in Mexico and in this country also. In addition to that is the paper which was reputed during the war to be pro-German, *Democrata*, and a Government organ which is a good paper, as far as a Government organ can be, *El Pueblo*; then there are some very sensational afternoon newspapers, published by revolutionary parties, and quite as abusive, in fact, a good deal more abusive, than any newspapers I have seen in our own country in political matters—very much more so. I remember talking to one called *Revolucion*.

Senator BRANDEGEE. I assume, Mr. de Bekker, there are many papers in Mexico. That has nothing to do with the question I asked you. What I asked you was before you send out an article to 350 or so newspapers in this country, giving what you consider to be a truthful picture of the situation in Mexico, whether you have any means of investigating the truth of the statements contained in the articles for which you are responsible, and which you send out, and your answer is that you rely largely upon Mr. Weeks, who is an editor of a Mexican newspaper.

Mr. DE BEKKER. I beg pardon, that is printed in English.

Senator BRANDEGEE. Well, printed in Mexico. I did not refer to the Mexican language.

Mr. DE BEKKER. It is a Mexican paper.

Senator BRANDEGEE. I have it here. That is what you have said, is it not?

Mr. DE BEKKER. I said we rely largely upon the character of the men who send the matter in. men personally known to us.

Senator BRANDEGEE. Did you not say, and do you not say now, that Mr. Weeks is one of the principal men on whom you do rely?

Mr. DE BEKKER. For Mexican matters.

Senator BRANDEGEE. As to the truth of matters?

Mr. DE BEKKER. But Mr. Weeks only writes as of Mexican matters direct.

Senator BRANDEGEE. That is what I say.

Mr. DE BEKKER. We have great confidence in Mr. Weeks.

Senator BRANDEGEE. I say he is one of your main reliances as to the truth of the alleged atrocities?

Mr. DE BEKKER. If I knew the atrocities were true I would not say alleged. We do not know whether they are true or not. We do not send out that kind of matter.

Senator BRANDEGEE. I did not ask you that. I asked if Mr. Weeks was one of your main reliances as to the matters you state are alleged atrocities?

Mr. DE BEKKER. Mr. Weeks is one of our main reliances.

Senator BRANDEGEE. Who else?

Mr. DE BEKKER. As to Mexico no one else than those who have recently been in Mexico, several of them, Mr. Inman, Mr. Winton, Mr. Trowbridge, myself. We have all been in Mexico in the last year.

Senator BRANDEGEE. That is the evidence which you have as to the plot existing in this country to force armed intervention in Mexico.

Mr. DE BEKKER. All the evidence I personally have with regard to a plot in Mexico—

Senator BRANDEGEE. I do not mean a plot in Mexico. I mean a plot in this country.

Mr. DE BEKKER. I am talking about a plot in this country against Mexico.

Senator BRANDEGEE. You said a plot in Mexico.

Mr. DE BEKKER. That is covered in three articles published in The Nation.

Senator BRANDEGEE. Not having read the articles I am asking you to give it.

Mr. DE BEKKER. It is all here, Senator, right here.

Senator BRANDEGEE. I did not ask that. I want you to state it so the stenographer can take it down.

Mr. DE BEKKER. I will read it into the record.

Senator BRANDEGEE. I want you to state some of the matters.

Mr. DE BEKKER. Hand me the document.

The CHAIRMAN. You are a witness on the stand. You can not read a document unless the Senator asks you to.

Mr. DE BEKKER. I beg pardon, Senator. You read a long document in—

The CHAIRMAN. You will answer these questions.

Mr. DE BEKKER. I will answer them; yes.

The CHAIRMAN. Then answer the question asked by Senator Brandeggee.

Senator BRANDEGEE. Give me circumstances that caused you to believe there is a plot in this country to force armed intervention in Mexico.

Mr. DE BEKKER. I would say for one thing, Senator Fall's presence as head of this committee, as shown in my letter to him.

Mr. DE BEKKER. Well, I am not absolutely certain, but I should say perhaps a month.

Senator BRANDEGEE. And you were there only six weeks altogether?

Mr. DE BEKKER. A short trip.

Senator BRANDEGEE. And that left two weeks for these other five cities?

Mr. DE BEKKER. I only spent a day or so in Pueblo, which is not a very large place.

Senator BRANDEGEE. But if you only had two weeks, and leaving out traveling from one city to the other you could not have been in each very long?

Mr. DE BEKKER. No; I was not in each very long.

Senator BRANDEGEE. And you got the truth about Mexico?

Mr. DE BEKKER. So far as I wrote.

Senator BRANDEGEE. That was not the whole truth?

Mr. DE BEKKER. The whole truth would take several very fat volumes, whereas I only wrote about 60,000 words, Senator.

The CHAIRMAN. Miss Laut to whom you referred in this preliminary statement of yours, did you see her in Mexico?

Mr. DE BEKKER. I never met Miss Laut but I know she was there when I was.

The CHAIRMAN. Through what sources have you learned of Miss Laut, the information you have read into the record here in that statement?

Mr. DE BEKKER. Why, in a letter from Miss Laut's manager in New York advertising a series of articles which she prepared, for one thing; from having been in the office of Dr. Halsey at the time Miss Laut called to see Dr. Halsey for another.

The CHAIRMAN. I understood you to say you had not met her. You were in the office of Dr. Halsey when she called, were you?

Mr. DE BEKKER. I was in Dr. Halsey's office.

The CHAIRMAN. You saw her there at the time?

Mr. DE BEKKER. I saw her card brought in. I did not see her.

The CHAIRMAN. What did you mean by saying she had exhibited the fake photographs of outrages, or something of that kind?

Mr. DE BEKKER. Well, she had something of that kind in the New York Independent a few weeks ago, Senator. It was exposed in the New York Call, I believe, at the time.

The CHAIRMAN. You have a copy of the Call?

Mr. DE BEKKER. Yes, sir.

The CHAIRMAN. Who edits the New York Call, Mr. de Bekker?

Mr. DE BEKKER. I do not know, except in a general way, Senator. It is probably edited by a committee of some sort.

moment. Did you read the  
—I suppose that is the proper  
Times is exposed in glaring

l," from the Mexican Review.

umber 7, published in the New

Mr. DE BEKKER. No; but I can if you want it.

Senator BRANDEGEE. What was the list of companies you read here?

Mr. DE BEKKER. That was simply a list of the oil companies concerned.

Senator BRANDEGEE. Concerned in what?

Mr. DE BEKKER. In the Association for the Protection of American Rights in Mexico.

Senator BRANDEGEE. Are these companies members of that organization?

Mr. DE BEKKER. The literature of that association so says.

Senator BRANDEGEE. That they elect corporations as members of the association?

Mr. DE BEKKER. They pay \$100 a year for the privilege of belonging to that, to protect American rights in Mexico.

Senator BRANDEGEE. I do not know what the fact is. Do you mean to say these corporations are members of this society as corporations?

Mr. DE BEKKER. So the literature of the national association asserts. I do not know of my own knowledge. They are classed in a list of members who pay \$100 a year for the support of the organization. Some weeks ago the New York Times, I believe, stated there were 1,000 members interested. How many are in favor of intervention I do not know.

Senator BRANDEGEE. Do you know what membership there is to this association except the corporations you have named?

Mr. DE BEKKER. Yes; there is an individual membership of a dollar a year, composed of several hundred. I do not know any of them except one member who, I believe, is not very seriously interested in the plans of the organizations.

Senator BRANDEGEE. Do you think the mere fact that a man belongs to that association, and believes in protecting American rights in Mexico—that, that mere fact, is circumstantial evidence that he is in favor of armed intervention, or trying to force it by this Government?

Mr. DE BEKKER. I specifically stated, Senator, that I did not believe it to be so in that memorandum I read earlier in the hearing.

Senator BRANDEGEE. What did you say was the purpose of your trip to Mexico?

Mr. DE BEKKER. I went down there as editorial staff representative of the New York Tribune to write some articles about Mexico.

Senator BRANDEGEE. For the purpose of writing some articles about Mexico?

Mr. DE BEKKER. I was told to go down and write the truth about Mexico to the best of my ability, Senator.

Senator BRANDEGEE. And how long were you there?

Mr. DE BEKKER. I think I got into Mexico—I can give you the exact dates.

Senator BRANDEGEE. I am not interested to that extent.

Mr. DE BEKKER. About six weeks or more.

Senator BRANDEGEE. And visited how many cities?

Mr. DE BEKKER. Vera Cruz, Mexico City, Pueblo, Guadalajara, San Luis Potosi, Tampico.

Senator BRANDEGEE. How long did you stay in the City of Mexico?

Mr. DE BEKKER. Well, I am not absolutely certain, but I should say perhaps a month.

Senator BRANDEGEE. And you were there only six weeks altogether?

Mr. DE BEKKER. A short trip.

Senator BRANDEGEE. And that left two weeks for these other five cities?

Mr. DE BEKKER. I only spent a day or so in Pueblo, which is not a very large place.

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The CHAIRMAN. You have a copy of the Call?

Mr. DE BEKKER. Yes, sir.

The CHAIRMAN. Who edits the New York Call, Mr. de Bekker?

Mr. DE BEKKER. I do not know, except in a general way, Senator. It is probably edited by a committee of some sort.

The CHAIRMAN. Just let that pass a moment. Did you read the article in the New York Call exposing—I suppose that is the proper word as they use it—"New York Times is exposed in glaring Mexican map fake"?

Mr. DE BEKKER. Yes, sir; I saw it.

The CHAIRMAN. "Special to the Call," from the Mexican Review. That is Mr. Week's paper?

Mr. DE BEKKER. Yes, sir.

The CHAIRMAN. Under date of September 7, published in the New York Call of September 8:



The Mexican Review has just published a startling disclosure of a colossal fraud perpetrated upon the reading public of the United States by the New York Times in the shape of a deceitful map published in that newspaper July 20, and afterwards republished and franked throughout the United States by the Rules Committee of the House of Representatives.

You read that, did you?

Mr. DE BEKKER. Yes, sir.

The CHAIRMAN. Did you read the evidence taken before the Committee on Rules, a statement by Congressman Gould?

Mr. DE BEKKER. What is the date, Senator?

The CHAIRMAN. July 29, 1919, the statement with reference to a map of Mexico?

Mr. DE BEKKER. No; I did not.

The CHAIRMAN. This is the statement to which I had reference (p. 132):

For the information of the committee, however, in this connection, I am inserting here a map of Mexico (G-1—).

The map is published on page 140 of this pamphlet.

prepared by the Military Intelligence Section of the War Plans Division of the General Staff, United States Army, and accompanying discussion of same in the New York Times of June 22, 1919, which has been widely published in this country, and which shows that territorially the Carranza Government controls less than one-half of Mexico.

You did not read that?

Mr. DE BEKKER. I read the article in the Times, and looked at the map, and I know absolutely the map can not be true, because I have been in the country where it is supposed to be in control of—

The CHAIRMAN. I am not asking you that.

Mr. DE BEKKER. I say I believe the Military Intelligence is misinformed as to present conditions. It might have been true of conditions three or four years ago.

The CHAIRMAN. That may be very well. I asked you if you had your attention called to it, and read the testimony?

Mr. DE BEKKER. No, sir.

The CHAIRMAN. Or seen the map?

Mr. DE BEKKER. I have seen the map; an impossible map of the present-day conditions.

The CHAIRMAN. All right. Soon you can get anything in you want.

Mr. DE BEKKER. Pardon me. I have no desire to go beyond your questions.

The CHAIRMAN. Then answer them.

Mr. DE BEKKER. I have. I saw this impossible map.

The CHAIRMAN. I have not asked you whether it is an impossible map or not.

Mr. DE BEKKER. Pardon me, sir. What did you ask?

The CHAIRMAN. Is that the same map that was exposed by the Call?

Mr. DE BEKKER. Let us see. You have the Call there. We can compare the map.

The CHAIRMAN. I have not the map in the Call.

Mr. DE BEKKER. Yes, you have; the map is on the next page.

The CHAIRMAN. Well, you know it better than I do.

Mr. DE BECKER. Yes, I do. I should say that was the same map, Senator.

The CHAIRMAN. Then this is the map to which reference is made on the front page in the article on the exposure of the fake that was published in the New York Times?

Mr. DE BEKKER. I do not know as to that, Senator.

The CHAIRMAN. I ask you if it is the same map?

Mr. DE BEKKER. It seems to be, yes; and as a matter of fact the Times printed a quotation from the—or the Call printed a quotation from the editor of the New York Times, a very estimable gentleman, asserting that it was a Government map. I am very glad to put Dr. Miller on record as having been entirely within the facts in the matter.

The CHAIRMAN. You stated that the Call has exposed a fake photograph that Miss Laut sent in or had published?

Mr. DE BEKKER. Yes, sir.

The CHAIRMAN. The same character of exposure, I suppose, as they made of the falsity of this map?

Mr. DE BEKKER. No; I do not think they reproduced the photograph.

The CHAIRMAN. That is all.

Mr. DE BEKKER. Thank you.

The CHAIRMAN. Gentlemen, the committee will be in recess until 8 o'clock to-night.

(Thereupon, at 2.05 o'clock p. m., the subcommittee took a recess until 8 o'clock p. m.)

#### EVENING SESSION.

The subcommittee reassembled at 8 o'clock p. m. in Room 422, Senate Office Building, Senator Albert B. Fall presiding.

Present: Senators Fall (chairman) and Brandegee.

#### TESTIMONY OF MISS AGNES C. LAUT.

(The witness was duly sworn by the chairman.)

The CHAIRMAN. What is your name?

Miss LAUT. Agnes C. Laut.

The CHAIRMAN. And your business?

Miss LAUT. Journalist and farmer.

The CHAIRMAN. And your residence?

Miss LAUT. I have three residences—one in New York, and one in Wassaic, N. Y., and another one in Mount Riga, New York, on a farm. I spend my time about equally in those places, when I am not traveling.

The CHAIRMAN. Miss Laut, in your business as a writer do you remain at one or the other of your residences, or are you accustomed to traveling about the country?

Miss LAUT. Well, I make my headquarters in New York, Senator, but I always get my information first hand, if possible, and I travel, I should say, three-fourths of the time.

Senator BRANDEGEE. How long have you been a journalist, Miss Laut?

Miss LAUT. I think I have been a journalist over 20 years, Senator.

The CHAIRMAN. You have written various articles for the press and magazines, periodicals, etc., concerning the Republic of Mexico?

Miss LAUT. I have, Senator.

The CHAIRMAN. Upon what information have you based such writings and such articles?

Miss LAUT. Shall I begin with what first interested me in Mexico?

The CHAIRMAN. I think so, and tell how you became interested.

Miss LAUT. Well, in the first place, I was very well acquainted with Mrs. Alex Tweedie, who spent about a year in Porfirio Diaz's family, and when I was in London I visited her constantly and she got me very much interested in Mexico.

Senator BRANDEGEE. When was that?

Miss LAUT. I think about two years before the close of the Diaz administration. She issued her book on his life and conditions in Mexico, and I was in London and became very much interested in the subject. Then, pending the war, I was editor of the Forum, to aid the Allies and for certain shareholders of the Submarine Boat Co., who were so deeply interested in the allied cause.

At that time I was trying very hard, under the advice of Sir Cecil Spring-Rice, and representatives of the banking interests who loaned the first big loan to the Allies, to make the Forum absolutely a forum—that is, for the expression of facts on both sides of every question concerning the great war. We issued a Mexican number, and in that Mexican number—as to the date, I wouldn't swear whether it was 1915 or 1916; I don't remember which it was, but you can get it out of the Forum records—we issued a statement of everything we could get bearing on Mexico. And I was tremendously interested in what Alvarado issued on Yucatan, because in my writings, handling financial problems for Current Opinion and the New York Sun, and dealing with international finances between Canada and the United States, and for the Financial Post of Canada and McLean's Magazine, I was interested in the financial problems of "pegging prices," "pegging wages," "pegging currency." It struck me as something so curiously new in economics, to abrogate the law of supply and demand, that I got tremendously interested in the Yucatan situation. Gov. Alvarado did not write the article himself, but I understood it represented his views.

The CHAIRMAN. Alvarado, you say?

Miss LAUT. Yes, sir.

The CHAIRMAN. That was Gen. Salvador Alvarado, then governor of Yucatan?

Miss LAUT. Yes, sir.

The CHAIRMAN. You were present when the translation of an article of Alvarado's was read into the record?

Miss LAUT. Yes, sir.

The CHAIRMAN. That is the same man?

Miss LAUT. Yes, sir; that is the same man. An article not written by himself, but representing his views as I recollect, which was issued by the Forum, made me very much interested in the Yucatan.

I want to take up at the end of my evidence Mr. de Bekker's evidence in regard to my "being pro-German." He should know that the name "Laut" used to be spelled "Loche," and then when my people removed to the north of Ireland it became "Laught," and when the "g-h" was dropped, it seemed to be a German name, which is the sole ground for the mistake, which I shall take up in a moment.

I have been working along those lines straight through the war, and when the first loan was attacked by the pro-German writers I was about the first regular writer to jump into the fray and defend the Federal Reserves against the unscrupulous attacks of the American Truth Society. And I was very much interested in the economic disturbances in Mexico.

Then, purely by chance, I was in Texas, I was in New Mexico, I was in Arizona, I was in California when the Revolution broke out in Mexico, and I was there every summer for six or eight months up to the breaking out of the Great War, and I saw the refugees pouring across the line. I never like to take what people say to me. I try to get the facts direct. And as those Mormon refugees came across the line I used to talk to them. It interested me terribly. It struck me as a terrible thing that wrongs which might have been righted in a perfectly legitimate constitutional way were being seemingly attempted to be righted with such fearful bloodshed. That interested me in Mexico.

So when the war closed last November I was making my plans to go to Mexico, and at that time I was doing all of the financial stuff for the Financial Post, of Toronto, and McLean's, bearing on financial relations of Canada and the United States, and the Canadian banks were very deeply interested in Mexico.

The CHAIRMAN. You are going to mention the alliance between Canadian interests and Mexico?

Miss LAUT. I would not say it is an alliance. They were deeply interested.

The CHAIRMAN. Do you know anything about the F. S. Pearson interests in Mexico?

Miss LAUT. Yes; I met the Canadian managers.

The CHAIRMAN. You knew the corporation or the company through which they operated was a Canadian company?

Miss LAUT. Yes, sir; and I knew the members of that company in Canada.

The CHAIRMAN. Dr. F. S. Pearson and his friends in Canada and the United States and in Great Britain were very materially interested in Brazil?

Miss LAUT. Very much so.

The CHAIRMAN. And the San Paula Tramway?

Miss LAUT. Yes, sir.

The CHAIRMAN. Electric light power development?

Miss LAUT. Yes, sir.

The CHAIRMAN. And in the mine in Mexico?

Miss LAUT. Yes, sir.

The CHAIRMAN. Mexican Tramway, electric light, power, and other things?

Miss LAUT. Yes, sir.

The CHAIRMAN. And were also interested in northern Mexico, in the Mexican & Northwestern Railway and allied companies, including large lumber interests?

Miss LAUT. Yes, sir.

The CHAIRMAN. Owning something over 2,000,000 acres of land in Chihuahua?

Miss LAUT. Yes, sir.

The CHAIRMAN. Those are the Canadian interests that I had reference to, and I supposed you knew something about them.

Miss LAUT. I do; but it was even deeper than that. The rumor existed in Canada that a good many of Carranza's funds were on deposit in certain Canadian banks. We have never been able to substantiate that by tracing under whose name they were deposited, but that rumor was in existence there at that time. There were other banks that were interested in help for the confiscated tramway system and some of these interests I have mentioned.

I went up to Canada just as the war closed, and I discussed the situation with the Canadian bankers. In fact, the only letters of introduction I took to Mexico were given me by the president of one of those Canadian banks. I hate in evidence like this to use the name of a prominent man, because it seems to be hiding behind the skirts of such prominence; but I have no hesitancy in saying it was from Sir Edmund Walker. I had the only letters of introduction I took to Mexico and I discussed the question of Mexican finances with the Canadian interests. Then I was in Ottawa and discussed it with the man who is now the minister of finance, Sir Henry Drayton, and with other Canadians that had been interested in the situation in Mexico. We decided it would be a good thing to go down there and get a statement of economic conditions and facts.

On my way back through New York I was told by a friend, a neighbor of mine on a farm up in New York, that this protective association was being formed. I had not met any of the association. I had made my plans to go to Mexico before the association was formed. I was asked to meet some members of that association. I did not seek them. I was taken down and introduced to them, and I was asked if I would make a report on the economic conditions to the various members of the protective association. I have never concealed that. I have stated it in at least four magazine articles and three lectures.

Senator BRANDEGEE. That is the Association for the Protection of American Rights in Mexico?

Miss LAUT. Yes, sir. I was asked to make that report, because, after all, the stability of a country depends on human conditions, and that is what I wanted to get. I agreed to do that. Shall I go right on with my visit to Mexico?

The CHAIRMAN. Yes. But first, how were your expenses paid down there, if anyone paid them?

Miss LAUT. That brought up a very fine point. I agreed that I would make them a report if they would pay such expenses that would make it possible for me to take a constant companion, because I saw an international scrap coming, and I know the danger of blackmail in those international scraps, and I always take with me on those trips a married sister or an unmarried sister. I always go on such long trips, purely as a protection from misrepresentation, with a sister. They agreed, not the protective association, because it was not fully formed, but they agreed personally that the expenses of that trip would be sufficiently covered to take along a companion to cover blackmail protection.

The CHAIRMAN. That was some one connected with Mr. Doheny or some of the oil companies who made that agreement?

Miss LAUT. I think that was made by the executive of the oil companies. I had not met them at that time.

The CHAIRMAN. Who was paying the other portion of your expenses?

Miss LAUT. Out of my own pocket.

The CHAIRMAN. Out of your own pocket?

Miss LAUT. Absolutely; out of the earnings of all the articles I have written. I think I have written 42 since I got back. I was paid for all of them but 1, and that was a charitable article.

Senator BRANDEGEE. Did you meet the Protective Association?

Miss LAUT. I met Mr. Walker.

The CHAIRMAN. Harold Walker?

Miss LAUT. Yes, sir. I think I met at that time Mr. Watriss. If I didn't, I did the second time. I also met Mr. Swain and Mr. Bedford. I had met Mr. Bedford before. I met Mr. Burton Wilson. I met certain of the mining interests whose names I have forgotten and will have to pick out of that book on their membership list.

Senator BRANDEGEE. Did you meet them all at the same time?

Miss LAUT. No; I didn't meet them altogether until I got back from the trip, when I addressed them in a group twice.

Senator BRANDEGEE. When you were making your arrangements about expenses did you meet these gentlemen you have already named?

Miss LAUT. Yes; and it was they who made the suggestion.

Senator BRANDEGEE. That is what you mean when you say "they agreed"?

Miss LAUT. Yes, sir. They agreed if I would make an economic and financial report which they could use, if they needed it, with the State Department, they would bear my expenses so I could have the protection of some one constantly with me, because as I go on to give my evidence you will find that going under the surface and getting the real evidence in Mexico is a pretty dangerous game. I have been over a railroad one day that was blown up the next day, and all that kind of thing.

The CHAIRMAN. You were going down there on account of your connections as a financial writer and investigator?

Miss LAUT. Yes, sir; solely.

The CHAIRMAN. First, with the Canadian interests?

Miss LAUT. Absolutely.

The CHAIRMAN. And in pursuance of your usual work you had determined to make that trip to Mexico?

Miss LAUT. Yes, sir.

The CHAIRMAN. Then you came in contact with these people and they agreed to pay a portion of your expenses?

Miss LAUT. Such portion as would enable me to make the trip under the circumstances I have just stated. I have announced it in many of my articles and three lectures and one address. I did not try to conceal it.

Senator BRANDEGEE. When you came in contact with these gentlemen was it at your suggestion or at theirs?

Miss LAUT. At theirs; at their request. They heard I was going to Mexico.

Senator BRANDEGEE. Who was the first of those that sent for you or intimated that they would like to talk with you about making a report to them?

Miss LAUT. I should say the first one was Mr. Walker, I think.

Senator BRANDEGEE. The object of all these inquiries, of course, is to ascertain whether your independence of observation and your report was at all impaired by the fact that these people were going to pay you anything or pay for your transportation or expenses?

Miss LAUT. Before I went I filed a letter with them—which I am sorry I haven't here, but they have it on file—saying I would only go on condition that I could report what I saw in my own way, with nobody's opinion; that I would not go shunted around on a show window proposition. The show window proposition is a common thing in Mexico. I stated that I must go with absolute freedom of action. And when I came back the report was so different from what they expected, I filed a letter with them saying I could not report, except—I would not say against intervention, but the word "intervention" must be taken off the map to help Mexico—I must be allowed to report things as I saw them. Otherwise I would not go on. From that time to this my sole connection with the financial interests has been the link between the churches and the financial interests.

The CHAIRMAN. Has this American Protective Association ever sought to control your evidence or writings?

Miss LAUT. Absolutely not. I will be very glad to tell you that the only change I made in my writing at their request was in the spelling of a Spanish name. I read Spanish and understand it when it is spoken slowly, but sometimes in writing Spanish names I might get the spelling wrong, or my stenographer might. I am very glad to say under oath the only change ever made at their suggestion was when I spelled the name "San Luis Potosi." I, knowing Quebec pretty well, spelled it in the French way and put an "o" in it. That is up to date the entire change that has been made in my writing at their suggestion. Once or twice I have asked them to give me the exact figures paid for taxation or something of that kind. I might have \$12,500,000 as yearly export taxes and they would give me \$12,566,000. It is simply a question of getting the accurate figures.

Senator BRANDEGEE. What do you mean when you say your report was different from what they expected?

Miss LAUT. I will have to tell you what I saw in Mexico myself, Senator, and my experiences in Mexico, to bring that out.

Senator BRANDEGEE. I don't want to interrupt your plan of procedure. You will bring it out later?

Miss LAUT. Yes, sir.

The CHAIRMAN. I thought you connected it in some way with the subject of intervention.

Miss LAUT. No, sir. I was down there with the idea solely of investigating the economic and financial problems. Between 11 in the morning and 3 in the afternoon I was dined and wined and shunted about. I never received any more courteous treatment anywhere in my life. I want to register my gratitude for it. My best friends on earth are in Mexico, and I hope always will be, but at times, when I

was not being taken around and given economic and financial and industrial facts by the bankers and by the tramway interests, I got up early in the morning and went out on little excursions of my own. Those excursions were, I think, quite the saddest thing that I have ever encountered in my life. I hardly know where to begin or how to begin to tell you that story.

For instance, one morning I got up very early, and I do not know to whom I owe the very great courtesy, but it happened so often in Mexico I want to put it on record. When I went any place where I was in danger, I would be told along the street, "You are going to So-and-so?" "Yes." "Don't be uneasy. There will be a man shadowing you, three blocks behind. Go ahead! You will be safe."

I got up early that morning, it must have been between 5 and 6, and I went out to the section of Mexico known as "the vice section." That is not in the sense that we call it "the vice section" in our cities, but in a section where 300,000 peons who can not live in the country on account of it being unsafe to life, have crowded into the suburbs of Mexico. There I saw lying in the streets little children, covered with nothing but newspapers. I have counted under one set of attic stairs as many as 13 children, orphans, eating off garbage piles, living how they might, with no fate ahead for the little boys but banditry, and nothing for the little girls but being sold at 4 pesos per head to be shunted around among the soldiers and bandits.

I went out to the country districts, and again I was indebted to Mexican friends. I drove out to the little country schools. I met the teachers, and while I do not speak Spanish I understand it, and we worried it out between us. I asked them how they were getting along. They were not getting any pay except bonds that did bear interest. I asked them about their conditions. They said, "Very triste." I said, "Why it is very triste?" They said, "Because over that hill now there happens to be 'Carranzistas,' or 'Zapatistas,' or some other 'istas.'" I wanted to know what cause there was for fear from those "istas." They told me a tale that made me see red all night long, and made me resolve to tell the truth about Mexico, whatever the cost. They told me how they received no pay, how they could not stay out in that country district at night, and had to come in. They told me what their fears were, the ground for those fears, what had happened. It is untellable.

I drove out to some of the ranches, I suppose three or four areas of ranches not more than 30 miles from Mexico City. I encountered on that trip from Mexico City a case of kidnaping. For instance, I think of one boy that was kidnaped. They took him right out of the ranch. His father was a Carranzista supporter. They demanded 4,000 pesos or they would mutilate him. That boy was brought back in a motor car into the heart of Mexico City and delivered opposite the vast central park, for 4,000 pesos, and the police were paid 1,800 pesos to look the other way. I could give a number of those cases.

I remember one case on the ranch of the ancient Lady Mareña, Cortes's mistress—a wonderful home. It was wonderfully stocked, so many head of different kinds of stock. I am very fond of stock. Everything was in such good condition on that ranch. I saw these beautiful cattle, costing \$10,000 for the sires, and beautiful progeny. I asked them how they kept that stock in that splendid condition,



under revolutions. They were very reluctant to tell me. I could not get them to give me any information. I said good night to the man who owned the ranch, and he said "If you are going into the city, I will go with you." I said, "Don't you stay in this beautiful place?" He said, "No." I said, "Why?" He said, "Why, it is unsafe." I said, "How do you keep all these cattle and this stock?" He said, "By paying 50 cents a head a week blackmail for protection." That man was a Carranzista supporter.

I went out to the Indian villages and with some of them who could hardly speak Spanish I could not get along very well, but by dint of half Indian and half Spanish and help I found something of the conditions under which those Indians lived, surrounded by Carranzistas and Zapatistas. When I began to express my sympathy over the frightful condition they were in, they began to open their hearts and talk. I think of one case of a woman whom I heard talking, and I said to her, "Is that story true about such and such a girl?" The tears came in her eyes and she said, "Yes. There is much worse than that. Are you going to tell all the truth about Mexico?" I said, "I have been in this game over 20 years and I have not tried to lie yet. I am going to tell the truth." She opened her heart.

One of the witnesses has spoken of fake pictures. By the funniest coincidence in the world I happened to be at the Methodist conference at the time that picture was issued and the magazine got that picture themselves. If there is any doubt about atrocities, I have at least 8 or 10 sets of pictures here, taken by 8 or 10 different photographers at imminent risk of their own lives in the interest of Mexico, and those pictures speak for themselves.

In that case as a woman I saw red. I wanted to check up my facts, because sometimes stories were told me, and I could not sleep for three nights, thinking of the suffering of young American and Mexican girls. I found that the representative of one of the largest banks in the world had an investigation going on, and I hunted that man up. I said, "Have you such and such facts that have been suppressed?" And that man had in his record, 2,100 or 2,600, in a certain area where I heard a report of only 200.

I met good families, and I found that they had suffered just as much as the poor. I inquired about factories where 200 girls worked, not over 18 years of age, and certain factions had entered that factory and not one girl of the 200 escaped. I do not need to express more explicitly what I mean.

I think someone has spoken about nationalization of women there. I know of the boast of three generals in three different centers, one in Mexico City, one in Vera Cruz, and one in Tampico. Here are their words:

The first time we took your motors; the second time we took your horses; the third time we took such and such an exaction of taxes; and the fourth time, if you do not submit to this exaction the next time we come, we will take your women.

I can tell of so many cases like that that the thing is harrowing. It is a thing for pathological study.

For instance, I met an old haciendado owner of Morelos. He had kept at the hacienda charity sisters and lay sisters for the education

of children. After one of the raids—and in this case it was Carranzistas—there were 18 of those sisters, every one of whom was as respectable as you or I, taken out dead.

To Sonora I did not go. But this evidence was given me not only by a Carranza officer but by an American officer. I got the record of two American women who had been held in the Sonora mountains since 1917 by the Yaqui Indians with the soles of their feet shaved so they can not escape over the cactus ground. I could tell you not one but of hundreds of such cases. When I had gathered a certain number of these cases and had begun to get keen on it, I said, "I am going to get the women of America interested in this thing, and the churches."

I have in mind the case of an old Indian mother. I can not tell who she was; it would expose her to danger. She came up to me and said, in half Spanish and half Indian, which her daughter translated, "Are you going to get help for the women and children of Mexico?" I said, "I will do my best." She threw her arms around me in a Spanish embrace, kissed me on both cheeks and cried and blessed me.

I do not know whether I have told enough along that line. I would like to talk of labor for a minute, because so many seem to think that this present Mexican administration has helped labor.

The CHAIRMAN. Did you go into the hospitals?

Miss LAUT. I investigated hospital cases. But, Senator, if I went into those tales, except in executive session, I would endanger the people that gave me the information, and I would particularly endanger the six or eight photographers whom I afterwards succeeded in getting into those hospitals to photograph what existed, so that I could not be accused of being a hysterical woman who saw red. I have those pictures here. I do not consider that they are suitable for general publicity, but they will corroborate what I tell you. The girls are from 3 years old to 15 and 18 years. The average age is about 11.

The CHAIRMAN. Are those you are speaking of girls and women?

Miss LAUT. Girls and children, mere children, age 10 and 11 years old. The things did not happen in the heat of the revolution. I can give you a record of things that are happening now, and that happened when I was there.

Let me give you a case now. I know of a woman and child taken to a garrison in Mexico City. They were trying to find out where the father was who was hostile to the administration. They were put in the garrison prison and their brains beaten out. The child was aged 3.

As to the stories of the suffering of the American and foreign women and children from Vera Cruz to Tampico, I do not think there is anything in Belgium or Armenia that exceeds it. If there are any of those cases you desire, I have them here. It would be with very great reluctance that I would give them. I think of one, a young girl whose father was dying of T. B., and the little family had come to Mexico for the warm, high, and dry climate inland, that highland which is above the quick drop to the sea at Vera Cruz. That girl was 16 when the revolutionists swooped down on the ranch. She was a corking shot, brought up in the West, as I have been, and

amply able to defend herself. They knew it. She had her revolver in hand. She could have saved herself by suicide. They roped her father and mother and then they turned to her and said, "Now, unless you give yourself up we are going to torture your father and mother." The girl fainted and was carried off. The details do not admit of telling. The doctor who attended her told me the details. She is to-day dying in that country. I know that case is on record in the State Department.

The CHAIRMAN. She is an American girl?

Miss LAUT. Yes, sir; born in Lincoln, Nebr.

I can tell you of the girls of a ranchman who suffered the same fate. I can tell you of an Englishwoman at Zacatecas who—mother and daughters—would have suffered the same fate except that the mother jerked the revolver out from the bandit's belt and quickly shot the man who was carrying away one daughter, then shot another who was carrying away another daughter, and then through the intercession of the priest they got out safely.

I think of the case of a little Mexican girl, which case I know is on record in the State Department, whose parents were killed in the raid. She was 13 years old. She was taken by an officer. When he realized that there might be scandal because she was very well known and very much beloved by the community, in his drunken brutality he cut her face around with a knife, right around here [indicating] and tore the entire skin away from the living face, so that identification was forever prevented.

There is no use in going on with this list of stories of atrocities. They are so common that, as people in Mexico say, they get calloused to them. I do not get calloused to them.

I think that if the churches of the United States and the churches of Mexico, irrespective of sectarian differences, would get together on this thing they could launch a campaign for the redemption of Mexico that would stop this sort of thing. If there is any way of averting war, we will avert war, and that is what I have been working on since I came back from Mexico, constantly, pretty nearly day and night.

When the revolution broke out the revolutionists had no money nor arms; they had no men. The only way they could get a following was to promise loot; and in certain regiments I can give you the absolute words of the promise—so many hours for loot, so many hours for hunting girls. What was the peon who would not join to do? He put in his crop. They swooped down on it and they would either take the crop and cut his throat, or compel him to join them.

The CHAIRMAN. We will have in the record a little later one of the public proclamations of the general attacking one of the cities in Mexico to that effect. The State Department has the record sent on here by the American consul in that particular city, who went to interview the general himself and to urge that he hold his soldiers back, and was told by the general that in pursuance of his proclamation he must turn the town over to his soldiers.

Miss LAUT. In many cases the officers contending for recruits found that the only way they could hold their men was to promise excessive loot—and loot meant both the girls and anything they could get to gather up in the way of gain.

Again and again reference has been made to the educational facilities, and so on. In San Luis, when I was adjacent to that territory, the teachers had not been paid—that is——

The CHAIRMAN. That is, San Luis Potosi?

Miss LAUT. Yes, sir. The teachers had not been paid for four months. Ranches had been devastated so that those worth a hundred thousand dollars had been sold for \$40, because it was unsafe to live on them. Elections this summer have been held in that area at the point of a gun. Seventy people were shot for daring to vote for civilians in Monterey. Fifty Federals at a polling booth were there to shoot anybody who dared to vote for anyone but a military governor.

The CHAIRMAN. In Monterey, Mr. Osuna——

Miss LAUT. I am coming to Osuna. There is some very interesting matter that I want to put on record.

Reference has been made to the Cedillos brothers. I want to tell you what those brothers did to a family of Kansas people there. There was a date when Mexico was making a bid for settlers, the same as Canada, and at that time something between forty and fifty thousand foreign and American settlers poured into the region from San Luis down to the hot country. About the same time 1,000,000 Americans poured into the Canadian Northwest; and because they bought that land at \$15 an acre and sold it at \$100 and \$200 I have never heard anyone in Canada say that land should be confiscated.

Those farmers came down from Kansas and bought land there. They put in some 15 or 20 years of privation and hard labor. They put back all their profits. They had their haciendas in fine condition, factories, railway sidings, store rooms, etc.

I think of one Kansas family. The farmer had sent his daughter and his wife to Tampico, I think it was, to get the pay roll in gold for the month. They had about 700 on the pay roll. They had raised the wages of those employees from 37 cents a day United States currency to \$1.50. The bandits swooped down on them, under the Cedillos brothers, whom Mr. Inman did not seem to know anything about. Here is a picture of one of the Cedillo brothers at the end of his game. They seized that old farmer and asked for the pay roll. Fortunately, the train coming from the city had been late, and the daughter and the mother had not arrived with the pay roll; otherwise they would have met a worse fate. They took that American farmer, and put a rope around his neck and jiggled him up and down, and tortured him by prodding him with bayonets until he went mad. He later died from the tortures. When the daughter and mother arrived at the station, the friendly peons kept them from going out there.

I want to put on record right here that the decent people of Mexico, poor and rich, all classes, condemn these crimes as much as we do. Mexicans have been called a warlike people. They are the most lovable and docile people in the world. Any other people on earth suffering those horrors would literally have torn their rulers to pieces with bloody hands. Those people are enduring them because they are a docile, gentle people. For every one American who has suffered there, the number of Mexicans is multiplied a hundredfold.

Reference has been made to exaggeration of atrocities. I have stated somewhere in writing that there are 116,000 homeless children in Mexico City. We have been told that the Mexican City press is so much more reliable than the sensational atrocity writers that we had better refer to the Mexican press. On looking up the Mexican City press they give the number not 116,000, but 129,000.

The CHAIRMAN. From what papers did you secure that?

Miss LAUT. From Excelsior or Universal.

The CHAIRMAN. El Heraldó?

Miss LAUT. No, sir; in El Universal or Excelsior.

Reference has been made to the conditions of the trains and the excellence of the train service. The train service is so excellent that I went down to Vera Cruz on Sunday, the train was blown up on Monday, and there were instances of blow-ups by dynamite, and captures during every day all that week. That railroad had about 90 engines and they have now 8.

In the Tampico region I went over the railroad at the end of March, and in the first two weeks of April the train was captured by the bandits and 32 women, as respectable as any one in this room, were carried off and are today held captive in the hills.

In the hot country, in the month of June—

The CHAIRMAN. Pardon me just there. Have you investigated the case of the killing of the young students recently?

Miss LAUT. I was coming to that in just a moment, Senator Fall.

In the case of the hot country a similar raid took place in connection with one of the trains running to Tierra Blanca. On that train was a very fine little girl. The bandits were begged not to take her because she was respectable, and the brutal reply was, "We will cure her of her respectability." They carried her off and hold her in the hills to this day. What her fate will be is shown in these pictures which are described as atrocity pictures. The crime seems to be not in committing the crime, but in expressing the facts about the crime, according to evidence given here by Carranza propagandists.

In July, on the 24th, in Sinaloa, at a wedding, the Yaquis swooped down on a train, killed every man and carried off every woman. They are held in the hills today with the soles of their feet shaved so they cannot escape over the cactus ground.

Reference has been made to improved conditions. The conditions are so much improved for the poor that on July 22 the commissioner of the board of health of Mexico City had to issue a permit for the poor to be allowed to eat horseflesh. In Durango 17 out of 22 candidates for governor could neither read nor write. At Zacatecas food is scarce; life is insecure; bandits are universal; the teachers have not been paid for six months.

There is a very interesting story about the striking teachers. The teachers of Mexico City had to go on strike for their pay. It seems to have been a crime to tell that the guns were turned on them in the street for going on strike for their pay.

The CHAIRMAN. Were they striking for higher wages or for pay that was due them?

Miss LAUT. They were after back pay of six months which they had not been paid. And at this time, when money was so scarce the

teachers could not be paid, two of the Carranzista generals presented a \$70,000 place to their president. It may be awfully good for the country, but it is not ordinarily the way of democracy or helpful to the poor.

In Michoacan the conditions are still worse.

The CHAIRMAN. These matters that you are detailing now are all matters such as you have investigated personally?

Miss LAUT. Either investigated personally, or I got a personal report from some one who asked me if I would keep tab on reports if they could smuggle the truth out to me; and I have had that coming out from Mexico since I got back.

The CHAIRMAN. They are not simply rumors or newspaper reports that you have not investigated?

Miss LAUT. Absolutely not. These are things sent out perhaps by three or four different authorities and checked up as authentic before I would use them.

Senator BRANDEGEE. Do they sign their names to the letters?

Miss LAUT. Yes, sir; I would be very glad in executive session to give the names.

Senator BRANDEGEE. I do not ask for them, but do you know from whom they come in each instance?

Miss LAUT. I do, and they are authentic.

Senator BRANDEGEE. Were they from people who had promised that they would report?

Miss LAUT. They had promised when they found out it was really a question of helping Mexico and that I considered it rather a humanitarian proposition than a financial proposition. They said: "If you will get the facts out, we will send them out, checked up." I have had them checked up by bank men who are there now.

Senator BRANDEGEE. Are most of them Mexicans, or are they of all nationalities?

Miss LAUT. I would say reports from just as many Mexicans as American and British. A great deal has come to me from American and British since—

Senator BRANDEGEE. Men and women both?

Miss LAUT. Yes, sir. I would say a great many through banking investigations where they are sending men into some great factory or industrial venture, and I say, "I want you to give out the exact conditions of the country, and I will check that up with the British reports or some local Mexican reports."

In Michoacan the local situation has been such that whole villages have had to eat the unripe sugar cane and roots until their lips were raw. In one village 200 little girls of 10 and 11 years of age were carried off by the bandits and herded in a town and misused—one girl to four men—until they were more dead than alive. Finally the leading citizens rose and literally tore that bandit band to pieces and rescued the little girls when it was too late, as you will find from one of those pictures [indicating].

With reference to the destruction of property I think of one case which happened when I was there, where a huge hacienda with a factory was destroyed. The sinners in this case were the Carranzista soldiers. The owner of the hacienda protested against the destruction and said, "This will throw 500 people out of work. They will starve." The reply was, "That is exactly what we want."

If the men can not work they will join our ranks and we want recruits."

There has been a great deal of talk about taking over the biggest estates, and when we investigate it we find that three-fourths of that talk is by people who never saw a farm nearer than a pen point. There is not a thing alive on many estates so destroyed. There is not a peon left on the places. It is unsafe for the people to work those estates because the crops will all be taken and the people will be murdered unless they join the bandit band.

Another point is that as soon as the estate has deteriorated in value by this treatment, it is bought in by some general. I know of one worth about two hundred thousand dollars which was sold for forty dollars. I can give you instance after instance of that kind, in Morelos and Oaxac.

One of the things I wanted to investigate at first hand very, very carefully, was where the ammunition came from, because I had heard these charges that the ammunition was sent by the financial interests of the United States. There is no use putting down one man's opinion on one side and some other man's opinion on the other side. The only way is to get someone to go in and examine the rifle and centering of the cartridge. I was fortunate enough to get an American Army officer to do that in the Felix Diaz territory, and his testimony was that the ammunition and all the rifles were taken, either stolen or bought from the Carranza garrisons; that the dynamite was taken from construction trains or mines, and the gold with which they bought the ammunition and the rifles was got by holding up the trains coming up once a month with the customs receipts. If you watch the Mexican papers you will see that things happen with regularity. At the time the custom receipts come up at the end of the month, there is a lot of dynamiting of the trains. The next thing is that there are a lot of raids. Because of the gold they get they go into the Carranza garrisons and buy guns for raids, and the things just happen in that way. As to the ammunition coming in from the United States from the friends of the revolution, I say, after the most thorough investigation that can be made, that there is not a record of 10 cents' worth. I did not investigate before the 1st of January but have no record of any from that time.

Senator BRANDEGEE. Any what?

Miss LAUT. Any ammunition or military aid or anything of that kind, coming in from the many interests in the United States.

Senator BRANDEGEE. What kind of guns are these?

Miss LAUT. They were the old Mausers and Japanese guns that the Carranza Government bought from Japan.

The CHAIRMAN. Huerta bought some.

Miss LAUT. Yes, sir. There were a few Winchesters that came into the Carranza camps and garrisons when the embargo was lifted on arms. The cartridges are so badly made that only about one out of 10 ever goes off. They always jam, and in that way they can be identified. I said to the officer who made the investigation, "Do not come back with opinions, but make a thorough investigation."

If you want more testimony of that kind, I can say that the Felix Diaz leaders came to see me and they said, "We understand that you are very close to various bankers." I said, "Yes." They told me they were absolutely destitute of ammunition, and I told them why

it was an impossibility at the present time to supply them, that the whole Mexican situation has to be settled by Governments and not by private corporations, and that on account of the bankrupt state of the world owing to the Great War the debt is such a vast one that no private firm will make a loan to a nation. Absolutely no money of any kind has gone into that Diaz faction, nor has there any gone into the State of Oaxaca.

Senator BRANDEGEE. Before that was there any that went in?

Miss LAUT. Not that I know of. I do not care to discuss what I do not know. I hate opinions, and I love facts. I know it to be a fact that none has gone there from the 1st of January.

As to conditions in the Tehuantepec area, out of 82 large plantations owned chiefly by Scotch, English, and French—there are some Americans in there—all were destroyed but 2. I got that information from people whose property was destroyed.

Again and again it has been stated here that there is no starvation there. I want to tell you three episodes that touched me just as much as the suffering of women and children.

I have seen poor peon women crossing streets in any one of the cities—it does not make much difference what city you take—and they would watch the street sweeper sweep the offal off the street into his dustpan. In it may have been a cob of corn, and they would dart forward and get it and eat it.

I think of the case of a woman with two babies clinging to her and one in her arms. A cob of corn was swept on the dustpan of the street sweeper. She darted forward and got it. There were only three kernels of corn on the cob, one of which she gave to each babe.

People do not do that when they are just beggars. They do that only when they are hungry.

I have seen in Vera Cruz as many as five children stand behind the pillar as we ate our dinner at night in one of the open-air restaurants. We would see these little black-beady eyes looking at us hungrily behind the pillar. It made me feel that it was a crime to eat. And the waiter would take away a plate, and with their hats or a piece of paper grabbed out of the ash can they would take the scraps off the plate.

People only do that when they are hungry.

I think of one little tot, that was about 5 years old, down in the hot country. It haunts me yet. I never saw such hungry eyes. I happened to have fish that night, and there was not much left but the fishbones and the gravy. He darted forward with a piece of paper taken out of the ash can. We gave it to him. It struck me as so pathetic, because he did not eat it. I said to the waiter, "Ask the kid why he does not eat it. Tell him to come back and we will give him a meal." And that little child said, "There are hungry babies at home," and he just ran like a little hungry dog with a bone to carry the food home.

Well, I may see these things through a woman's eyes, and I do see them through a woman's eyes, and they are universal in Mexico to-day.

As to the cost of living, we have been told that the revolution benefited the poor. Milk is selling in Mexico to-day at about 35 to 50



cents a quart, meat at a dollar a pound—so the poor have to eat horseflesh. Flour is 50 cents a pound. If that is good for the poor, all right.

Senator BRANDEGEE. That is in Mexican money?

Miss LAUT. No, sir; American money, from Tampico down to Tehantepec.

Do you wish me to speak on the question of labor, Senator Fall?

The CHAIRMAN. I think so; yes.

Miss LAUT. The statement has been made that the constitution favors labor. The constitution does permit strikes, does permit unions; it guarantees the right to strike; but the minute there is a strike by decree strikes are forbidden, and here is what happens.

In connection with the strike, I have some figures here somewhere, and you can check me if I am wrong. Two to three hundred police were slaughtered by the Yaquis, 160 or so citizens of Mexico City were shot up. That whole thing was in a contest between the police and the soldiers. It was a provoked thing to keep the labor union from holding strikes. That finished the first strike which the new constitution guaranteed the right to have.

The CHAIRMAN. We have files that will be placed in the record with reference to strikes, followed immediately with the decree three years ago that any man who in any public assembly suggested or spoke of a strike should be shot. That is an official decree.

Miss LAUT. The last of these wonderful guarantees of life and property and protection of labor was the striking teachers, and they got rapid-fire guns.

That is all I have to say on the labor situation.

There has been a great deal brought up to the effect that Mexicans hate Americans. I do not find that to be true. I find that the Mexicans love the Americans, except the looters, who want "to cut the gringos' throats."

Let me tell you just one story on that.

In a great mining area of about 100 miles—I can not tell you except in executive session where the mining area is. My informant is a very prominent doctor—but when the American financial interests were withdrawn from that area starvation and lack of food and malnutrition killed 50,000 people in six months, chiefly the old and the young, the coming back of the Americans was welcomed as a thing from God.

Before closing these rambling statements, may I refer to the charge made this morning about my pro-Germanism, Senator Fall? I hope it is not distressing to any one who is a friend of mine.

Last winter as a member of the civic federation I was asked to make suggestions as a Canadian for an exchange of lectures between the Canadian Cabinet and the Secretaries here to perpetuate good relations among the Allies. I went up to meet the Canadian Cabinet members and to get the lecturers down from Ottawa and was arranging for receptions to the United States Secretaries there when the charge was made that I had been mixed up in pro-German affairs. To anyone who knew me the thing was so funny that people simply waited, because I had worked with Sir Cecil Spring-Rice from the time the war broke out until he died. Of all the papers in the United States, only one stated it. They went on record that the

thing was a mistake, and it was. I am not going to mention the one paper that made that charge. I had written 78 articles exposing German plots before the United States went into the war. I had issued a book written by the man who was at the head of the publicity bureau of the Liberty Loan and I had issued that when I was editor of the Forum, because not a single publisher would issue the book for fear of being sued for libel. The Germans had accused me, or at least had threatened to sue me for that book, but they were told by the lawyer, "If you take Miss Laut to court she has all these documents from Sir Spring-Rice, and you will get more exposures than the book makes," and the libel suit was withdrawn by the Germans.

Mr. Roosevelt wrote the preface to that book and Mr. Roger Wood, the Federal attorney, who was prosecuting German plotters, wrote the introduction.

I asked that this statement that was made by mistake be rescinded. The paper that made the statement asked me to explain. I said I had nothing to explain. I said, "The explanation is up to you. I get in at 7 from Canada and if by 7 o'clock to-morrow your explanation is not forthcoming I will give you a chance to prove it in the courts." The suit is in court and will come up in the fall. The record of the suit is here. I state that because Mr. de Bekker, knowing perfectly well that that suit is on, made that statement this morning about me, which is exceedingly misleading. As I told you, I never make explanations. What I write is my explanation. I stand on my record. It was an error, and I know the paper that issued it realized it was an error and it was the only paper of thousands in the United States that issued that error. I want to clean this up, because Mr. de Bekker has put it on record and he knows it is false. He knows it is false because he happened to be on the paper that is being sued by me.

There are one or two other things that in justice to the church I think ought to be cleaned up.

In this Carranza publicity which has been issued by the League of Free Nations reference is made to a statement by the bishop of Guadalajara speaking against armed intervention. I have the statement of the Catholic bishop who deals with Mexican affairs in North America that when that statement was issued by the bishop of Guadalajara it referred to interference by the I. W. W.'s—because all this trouble in Mexico has been caused by the Bolsheviks and the I. W. W.'s—and when that statement was put out by the propagandists "I. W. W. interference" was translated to "armed intervention." I think, out of justice to the Catholic church, although I am a Protestant, it ought to be put on record that they did not issue that, that it was a mistranslation of propagandists.

We are told in the Bible that we must bear the infirmities of the weak. It seems to me the same Good Book says that you shall not bear false witness against your neighbor. At the very time that the charge was made that the oil interests were financing intervention, the oil interests had put up \$40,000 to help the church campaign, the union of Protestant and Catholic churches, to place before the American public the necessity of helping Mexico.

I emphasize the word "helping," because the propagandists have used that word "intervention" as a football to such an extent that

the minute you say it up here you cause difficulty down there. So I say "help." The thing is such an injustice, because that help was extended to the united churches, and I am the connecting link between those churches and the financial interests, and I also am the means of bringing the Catholics and Protestants together on this question.

The condition of the churches going to work was that there should be absolutely no mention of intervention or nonintervention and no sectarian proselytizing. The intention was to put in 20 healing clinics in every State in Mexico to take care of the orphans, to bring them up free from the conditions under which they are growing up, and to save them from starvation. I think it is only fair that that should be put on record for the sake of the churches.

The CHAIRMAN. By what organization of ministers or churches was that money paid?

Miss LAUT. Senator, it rather scares me to say that the money was paid to me personally; that the only way that I could keep free of any charge that I had handled that money through a personal account, I immediately indorsed it over to the head of the Latin-American Church Bureau.

The CHAIRMAN. Who was that?

Miss LAUT. May I give you that name in executive session or shall I do it now? I will give it to you now. Dr. Teeter. The witnesses so far know so little of what the churches are actually doing that they do not know that the big church movement is under way in Mexico now and the members of the movement are in Mexico now working on that.

The CHAIRMAN. I asked one of the witnesses here a few days ago if he did know Dr. Teeter.

Miss LAUT. Yes.

The CHAIRMAN. You were present, I think, during the examination?

Mr. LAUT. I was.

The CHAIRMAN. And the witness testified that he did know Dr. Teeter. This was Dr. Inman. I think he did say that he knew Dr. Teeter. He did not name Dr. Farmer. Dr. Teeter is the minister to whom you turned over the funds?

Miss LAUT. Yes, sir. They are very busy now on this campaign.

Reference has been made to Mexico dealing with the same problems as after our Civil War. I have no patience with that statement. If you can think for one minute of any soldiers in the Civil War carrying off 200 children and putting them in a compound to abuse them till they died, then I will believe that kind of guff.

There was a reference made to an exaggerated story of atrocities. I am the miserable sinner responsible for the story. It was said that Osuna was carried off. Osuna was not carried off. He was captured; he was not carried off, because the band of bandits who caught him had so few horses that they had to decide whether they wanted human prisoners or loot, and they decided that loot would be more valuable.

Reference has also been made to Osuna as one of the important upright workers in the Carranza administration. That is true. He is so upright that he has been thrown out of the Carranza administration on a trumped-up, false charge.

Reference was made to the prosperity of the country because the national income was from two to three times as large as it was in Diaz's day. If it is two or three times as large as it was in Diaz's day, why is not the army paid? Why are the teachers not paid? Why is the land not pacified?

Slandrous statements about Diaz being rich have been made. Diaz died in poverty, and if one witness who was at this table had not contributed money to Diaz because he was in poverty, he would have starved. Mrs. Alex Tweedee told me if Madame Diaz had not pawned the jewels of her family, they would not have had enough to subsist. That kind of talk is too preposterous.

With reference to the law being retroactive to confiscate foreign property, I want to say something because of the mental confusion of the American public. The Mexicans have assured us that the law would not be retroactive. They gave us a public lunch, and they assured me that the law would not be retroactive. It struck me as such a dangerous thing to send out to the United States unless there was an official guarantee to that unofficial statement, that I asked a very prominent American jurist whom I happened to know, and a representative of the French financial interests who happened to sit at the same table in my hotel and who was close to the finance minister of Mexico and the President, I asked what they thought about it before it was issued to the United States. While that was told to us at a gracious luncheon, it was repudiated privately to this American jurist and French representative, and we decided not to send that statement out, that the law would not be made retroactive, until there was sufficient proof.

In spite of that fact the statement was sent out and published through the American press. I am sorry to say that Mr. de Bekker was not present at the luncheon, because we all wanted him to be present. He was with Mr. Carranza at the time.

There is another thing in connection with the retroactive law that does not bear on the American property, but bears on the Canadian and Scotch and English property. You see, the oil interests of the United States, the largest oil companies, bought their land outright, but the British and the Canadian companies leased it, and they leased it on a basis of rentals and royalties. Here is where the little joker comes which the public does not take in.

This happened when I was sitting in the oil office of a foreign company. Pancho came in, and he was getting five dollars an acre for rental for the leased land. It was not oil land; it was land that was going to be used probably for pipelines, or terminals at other operations. The Carranza government demanded that the company should pay half that rental to it instead of to Pancho. If they had done that they would have annulled their lease with the Indian, and confiscated their property. Because they did not do it they were stopped from operating. If they paid that, they broke their lease. If they did not, they disobeyed the orders of the Carranza government and were stopped from drilling. There is no use in saying the law is not retroactive when the system, if you can call it a system, of rentals or royalties practically amounts to confiscation and destroys title.

I think it ought to be said, in justice to the Mexican people, that they do not wish to confiscate property. It is only that section of

the I. W. W.'s, who have got control of the balance of power there that are for a policy of confiscation. When Ferrar was shot in Spain, 10,000 anarchists poured into Mexico, and that is the meaning of the revolutionary movement and it is the cause of three-fourths of the hostility to property interests and to life.

With reference to Mr. Trowbridge, he told me that his book was written in conjunction with the United States Publicity Bureau and Mr. Weeks, pending the European war, as publicity propaganda, but when the war stopped suddenly he issued it privately. It seems to me that not too much weight should be put in the League of Free Nations, which quotes Mr. Trowbridge under those circumstances, because while Mr. Weeks has a very charming personality, he is acting in the capacity of pleader for the Carranza Government at this time.

Senator BRANDEGEE. What do you mean by that?

Miss LAUT. He handles their publicity in Mexico City, Senator, and he handles it through the Mexican Review, which is published in Mexico in Spanish and in English.

Senator BRANDEGEE. Has he any office in any way under the Carranza Government?

Miss LAUT. No; he simply handles the publicity bureau for them.

Senator BRANDEGEE. Is he retained by the Government?

Miss LAUT. I would not dare to answer that; I do not know. The only thing I know is that he handles that bureau there.

Senator BRANDEGEE. When did the 10,000 Spanish anarchists come into Mexico?

Miss LAUT. Immediately after the Barcelona riots.

Senator BRANDEGEE. I mean, what year was that?

Miss LAUT. I would have to look that up—8 or 10 years ago, I think.

Senator BRANDEGEE. That is near enough.

The CHAIRMAN. About 1908, I suppose.

Miss LAUT. One of the States referred to as being pacified was Coahuila. Gov. Mireles is one of the upright members of Carranza's Government; but the fact that Mireles is so upright has exposed him to the most frightful attacks of the corruptionists.

About the murdering of Boy Scouts—that ought to be put on the record. We are told that the railroads are not more dangerous than the railroads in Tennessee. I am going to tell you a story that comes from two sources absolutely reliable, one by an American woman and one by an American man—

The CHAIRMAN. It also comes from the Universal and the other papers?

Miss LAUT. Yes; but the inside fact which the Universal did not tell is the fact that a Carranza officer warned these Americans not to get on the train. They said, "Why?" "Because," he said, "there are 80,000 pesos in Government money going on that train."

When the train was blown up and those Boy Scouts were murdered, 15 or so of them belonging to the missionary school, the bandits did not get 1 cent of that money, but the Carranzista who had warned the Americans not to go on that train. And the money, which went on that train, has never been seen from that day to this.

Reference has been made to a resolution made by the missionaries. I was in Mexico City in February when the resolution was

made. It was stated by the witness, and you realize that if the other missionaries had not backed that resolution they have to go. There would have been 33 or out of the country. The story of that resolution was sent out to the New York Post. It was released and appeared two or three days before hand as New York Post Dispatch—I can not recall, but you can look it up—in the Mexican press before it was published in the United States. What is the use of talking about a thing like that?

About the land problem being pacified in Morelos. The revolutionary necktie is one of the favorite methods of putting down revolutionists by the Carranza army. I have some examples of what might probably be called atrocity photographs. Nineteen men were taken out and a telegraph wire was strung through their jaws or put through their mouths, and they were hung and left to die by inches. I know of another case where nine were taken and the same sort of necktie applied to them.

The CHAIRMAN. I notice that the necktie seems to be popular there.

Miss LAUT. Yes. I have some photographs of the revolutionary necktie doing duty. Here they are. In the destruction of property in Moralos the things has reached criminal proportions. The whole thing is a land problem. They have destroyed the ranches in Morelos; they have carted the machinery away and sold it for junk. A ranch sells for about 5 cents on the dollar and it is bought up by the junta of corruptionists. We have been told that only 30 families own estates. Over 500 small farmers own areas of from 50 to 200 acres in one section alone.

I may have spoken too feelingly as a woman; but I always consider that a nation will rise just exactly so high and no higher than the safety and the purity of its womanhood. I may see red. If I see red, I see red, and a lot of women in America are seeing much redder than I see on this Mexican problem. Those who have been accused of financial intervention are the people who are putting up the money to redeem Mexico. If that is propaganda, I am going to stand by it.

Now, Mr. de Bekker says, "Who is Miss Laut's master?"

I want to put on record who my master is. My master is the Master of every one who stands for truth. My master is the Master who said "Suffer little children to come unto me, for of such is the kingdom of heaven," and "Inasmuch as ye have done it unto one of the least of these, my brethren, ye have done it unto me." That is my master.

That, Mr. Senator, is all I have to say.

The CHAIRMAN. Let us look at those photographs here a minute.

Miss LAUT. There are one or two of those sent up by a film company on the border for which I do not vouch, but all these which are not marked by that particular film company are personally known to me, and you will find the revolutionary necktie in all its glory.

The CHAIRMAN. You have an interesting collection.

Senator BRANDEGEE. Have you heard any of the members of this Association to Protect American Rights in Mexico state that they wanted the Government to intervene by armies in Mexico?

MISS LAUT. I have heard everyone that I have ever heard mention the subject say that they did not want to advocate armed intervention, but they are not going to put themselves on record against it or for it, because if crime continues it is a matter for the Governments of the foreign nations. It is not a matter for a corporation.

Senator BRANDEGEE. I thought in answering the question I asked you before as to what you meant by your report being not exactly what some of these members of this association had been expecting to say—

MISS LAUT. Well, the charge has been made so often that the financial interests, the great miners, the great banks, the oil interests, want intervention, and now when I came back instead of reporting for intervention I said this was mixed up with politics and let us try a campaign of redemption, because if we get the human side right the financial side will take care of itself.

Senator BRANDEGEE. Why was that discussed at all by you and these gentlemen when you got back?

MISS LAUT. Because, when I was there the press was ringing with just such charges as these propagandists had made as to American interests plotting intervention, because it was endangering every white throat in Mexico.

Senator BRANDEGEE. In what respect was your report not what they had expected?

MISS LAUT. I would not say that, but I say if they are guilty of what the propagandists say they are guilty of, they must be disappointed; but I do not believe they are. But when these charges were made and I advised a redemptive campaign they adopted the redemptive campaign which will prevent war if put in effect quick enough.

Senator BRANDEGEE. Do you think that irrespective of the kind of government they have there mere charitable work that can be done by philanthropic people in this country will produce conditions in Mexico which will establish a stable government of the self-respecting and prosperous people?

MISS LAUT. No, Mr. Senator. Here is my hope, and I have never concealed it in the least, that if you could unite the people in the United States in a movement to help Mexico irrespective of party politics or church denominations, and unite the Mexican people irrespective of party politics or church denominations, and those two peoples united, the best peoples of both Nations set their faces to the light to bring that end about, no government, or corruption, or power would stand in their way. And I hope to God they will do it, because I see safety for Mexico in it and I see nothing but suffering and chaos without it. Things can not go on as they are. That is an impossibility from a humane point of view.

Senator BRANDEGEE. Of course, this committee is directed to ascertain conditions in Mexico and the extent of the lawlessness and the violation of the rights of American citizens and to report what they consider to be the remedy for it.

MISS LAUT. Yes.

Senator BRANDEGEE. Now, I understand in a general way what you think ought to be done, but I am trying to see how it is practical for your requirements to be met, that all the good people of this

country get together and all the good people of Mexico get together and resolve that they lift Mexico and purify it, etc. With all the bad people you say there are in Mexico, how are they to be gotten rid of?

Miss LAUT. Mr. Senator, I would say that the element that is working the destruction of Mexico to-day is not one-half of 1 per cent of the population, but they have the firearms; and if the better elements in both countries united and demanded that those conditions be remedied, no matter how, and they shot into that country a thousand carloads of food a week and put in the aid to pay the soldiers, why, you don't need to have cut-throats getting loot. I have not any hesitation in saying that Mexico could be pacified in two months. It is not pacified because it is paying a lot of scoundrels and thieves not to have the country pacified.

Senator BRANDEGEE. What soldiers do you mean we shall pay—the Carrancistas or the Zapatistas?

Miss LAUT. I answer, soldiers that you can depend upon.

Senator BRANDEGEE. I do not get much light from the answer when you say that.

Miss LAUT. You ask some of the best Mexican element for it, and I consider they will give you a very much wiser answer than I. because, as I say, I love to keep to facts, and Mexico has been so befogged with opinions I am scared stiff of them. But the good elements of Mexico have their plans for coalition, the best people, to bring about reform conditions, but they can not do it if they have on their neck a corrupt junta.

Senator BRANDEGEE. I understand that, but I mean as a practical matter now.

Miss LAUT. Yes.

Senator BRANDEGEE. Suppose our Government has no intention whatever of intervening by force of armies, and does not want to, but is willing to try some such movement as you suggest.

Miss LAUT. Yes.

Senator BRANDEGEE. If all the wicked people have got guns and all the good people haven't got any, and we ship food in, who do you think will get the food?

Miss LAUT. Mr. Senator, suppose our people were united on that and that they had not been defiled by such propaganda as we have got in the evidence here, suppose that they united that conditions in Mexico must be remedied for humane reasons, can you conceive for a minute of certain military governors who are scoundrels being maintained in their positions? Suppose the import of arms should suddenly stop and the embargo of the ports stop the sale of certain Mexican products, and tax collections did not go up once a month, how long do you think the corrupt junta would last?

Senator BRANDEGEE. I do not know. I have never been there and have not made a study of it and you have, and I was rather asking you.

The CHAIRMAN. You say you would stop the imports from going from the gulf ports to Mexico once a month. Where would you stop them?

Miss LAUT. There are various ways, I think, for that. If we look into the European war we will find that blockade did quite as much as the firing line. If the taxes that are levied on——



The CHAIRMAN. Who would suffer if Mexico were blockaded now through a blockade of the border and of the ports of Mexico?

Miss LAUT. I should say that if the tax collections that are taken out of foreign interests were stopped for three weeks the corrupt influence of Mexico would not last—well, about 15 minutes. I mean the taxes which are taken from these foreign interests which they curse are sustaining them.

The CHAIRMAN. But we could not blockade Mexico without withdrawing recognition from the Government, or without refusing to further recognize the present Government.

Miss LAUT. I was leaving that, Mr. Senator, for you to say, because I do not like to express opinions. I like to express facts. I see that as plainly as you see it.

The CHAIRMAN. I can understand if you take bread-wagons down there with sufficient cargoes of bread you could break up any Mexican armies provided you can safeguard the cargoes of bread until you get them where you want them.

Miss LAUT. Yes.

The CHAIRMAN. But how do you propose to do it?

Miss LAUT. I do not propose to do it. I think that is a matter for our Government to decide, Mr. Senator.

Senator BRANDEGEE. Well, do you think that there is among these varied elements which you have described in Mexico a disposition and capacity to do these desirable things that you suggest, or have we got to do them?

Miss LAUT. Mr. Senator, I think they are praying God for such a movement to help them now.

The CHAIRMAN. In other words, they are praying for some strong hand and some outside help?

Miss LAUT. Right now, universally.

The CHAIRMAN. They want help against their bandits or against their Government?

Miss LAUT. It is a frightfully hard thing to distinguish those two, Mr. Senator.

Senator BRANDEGEE. I suppose a good many people in the country are opposed to the Government and the Government has the pretense to be opposed to bandits. Do you know enough about the general opinion there to know whether they know what they want to do, even those who genuinely want the situation remedied?

Miss LAUT. I think first of all they want help to get rid of the corruption that is sapping the life of that nation. Now the form of that help I consider is something for the Government to discuss and not for myself. I can bring, as a journalist, a report of facts, and if a record of facts is placed before a democratic nation, the votes will decide the rest.

The horror of this Mexican situation is due to the European war. The facts did not come out of Mexico for four years, and Mexicans were spreading propaganda and we did not get the facts. Now, the facts are Mexico needs help and they must have it in the name of humanity, and if we do not make a football of this thing in politics that Mexico must be helped, but desire to help and not dismantle, you would be welcomed by 90 per cent of the Mexican people with blessings and welcome.

Senator BRANDEGEE. Let us assume that the facts are as you state them.

Miss LAUT. Yes.

Senator BRANDEGEE. And that there is a crying need for a remedy to be applied to end all this suffering and injustice.

Miss LAUT. Yes.

Senator BRANDEGEE. They have a government there?

Miss LAUT. Yes.

Senator BRANDEGEE. How are some charitably inclined people in this country, and a similar group in Mexico, to get together and do things to get rid of the corruptionists which is an internal thing in Mexico—how are we to do it by these voluntary associations and our Government keep out of it all the time?

Miss LAUT. These voluntary associations fortunately have votes, and that is what I should hope to influence through a united church movement, and if they said these corruptionists must be turned out and not sustained, they would be turned out.

Senator BRANDEGEE. Do you mean the corruptionists are in the Government now?

Miss LAUT. Down there?

Senator BRANDEGEE. Yes.

Miss LAUT. I should say about 75 per cent are corrupt; yes. About 25 per cent are decent men and about 75 per cent are corruptionists. If Carranza departed from the present system of corruption he would be assassinated.

Senator BRANDEGEE. Suppose the church association in this country, well financed, well meaning, and charitably inclined people, go down into Mexico and make an announcement that all good people are to gather around them and throw out the Carranza government, and throw out the corruptionists, what do you think ought to be the attitude of our Government to allow that thing to go on with a friendly Government, a Government with whom they are at peace?

Miss LAUT. Mr. Senator, you see we not only hope to unite the churches down here but propose to unite the churches down there. Now, suppose the churches here say to our State Department: This condition of inhumanity and cruelty and corruption has to stop, let fall who may, and suppose down there the good people say the same thing.

For instance, at that same luncheon I spoke of, there were addresses by two young members of the House of Deputies, and supporters of the Carranza government. They said, "We will drive these thieves out and spend our last breath in doing it."

If I had said that I would have been run out.

Now, if we will not strengthen the corruptionists by supporting them, as we are doing, they would fall like a house of cards.

Senator BRANDEGEE. How do you mean supporting them?

Miss LAUT. Recognizing them when you should not. You are supporting them with the importation of arms.

The CHAIRMAN. That has been closed recently. That is, an embargo has been issued recently.

Miss LAUT. Yes.

Senator BRANDEGEE. It seems to me if we should go in on that kind of a program, desirable as it might be, you could not expect

any government of corrupt officials to yield peacefully and give up their industry, and that precipitates a debate there which probably would not be very parliamentary. Then what our Government would want to do about it I do not know.

Miss LAUT. Well, our Government is a democratic Government. It would do what the majority votes demand.

Senator BRANDEGEE. Probably they would if they stood by the platform upon which they are elected. But I do not really see clearly the ultimate success of this sort of a charitable intervention as guaranteeing ultimate stability.

Miss LAUT. Well, you can not have ultimate stability if the corruptionists remain in power.

Senator BRANDEGEE. I agree with that, but there may be several ways of getting them out.

Miss LAUT. Well, that is what I hope to bring the pressure in effect to do.

The CHAIRMAN. Just a question there. Do you know anything about the last election in Mexico? Did you find out anything about that in your investigations?

Miss LAUT. You mean for the present Government or the State?

The CHAIRMAN. Yes, for the constitution.

Miss LAUT. Yes.

The CHAIRMAN. Or the State Government.

Miss LAUT. Yes.

The CHAIRMAN. Or for the President or anything else—any election?

Miss LAUT. Yes.

The CHAIRMAN. Who were allowed to vote at these elections?

Miss LAUT. I think in a country of 15,000,000 population the total number of votes polled was something like twenty thousand.

The CHAIRMAN. Assuming that there is a full number of votes—my recollection of the history is there were some twenty-four thousand votes cast for Maximilian. He would not accept the call to the throne of Mexico until the Mexican people had passed upon it, and in the election there were 24,000 votes polled for Maximilian. But assuming that there are 20,000 votes polled at this last election out of 15,000,000 of people, we have a constitution of Mexico here and we know that under the constitution the entire population over eighteen years of age are voters—that is, the male population, and among the reform laws which were adopted as a part of the constitution of 1857 and 1874 I think there is a fine against anyone who does not vote in Mexico. Now assuming that there were 20,000 votes polled at the last election were the votes free, was anybody who wanted to vote allowed to vote, or were there instructions issued as to who were qualified voters?

Miss LAUT. Instruction were universally issued. Not only instructions issued, but soldiers placed there with bayonets and pistols.

The CHAIRMAN. Was the voting confined to any particular party?

Miss LAUT. Confined to the military junta.

The CHAIRMAN. I have some of the proclamations for the city elections and others issued down there, and I was wondering if you knew what the restrictions were.

Miss LAUT. No; I do not know that.

The CHAIRMAN. Were any of the Villistas or Zapatistas or any other "istas" besides the Carrancistas allowed to vote?

Miss LAUT. I would say only the Carrancistas who were going to support the military nominees.

The CHAIRMAN. Had you had your church program down there and they agreed to an election, and the military party was in power when the election was held, do you suppose there would be a free and open and fair election?

Miss LAUT. Mr. Senator, if we permitted munitions to go into all the people or no munitions to go in at all, they could settle the problem; but we permit the munitions only to go to the party who has its heel on the neck of the rest of the population.

The CHAIRMAN. Well, that is supposed to be stopped at the present time. I do not know how long the order will continue, but it was issued very recently, not permitting any more munitions to go in from this country. That, however, does not close the ports nor the Guatamalan border. It merely means across the borders of Texas, New Mexico, Arizona, or California. That is the only part of it we could control. But if it was made effective, if we did what we did with Huerta, if we put our ships of war in the ports of Mexico and stopped the delivery of munitions anywhere in Mexico and closed the border ports, the southern boundary line of the United States and the northern boundary of Mexico, so that no munitions could get in there, the munition that is being made there, indifferent as it is, maybe, is being made by whom?

Miss LAUT. It is being made by the Carrancistas.

The CHAIRMAN. And have the anti-Carrancistas any facilities for making munitions?

Miss LAUT. None whatever, because we have engrafted on them the system which has put them into power of one-half of 1 per cent of the population.

The CHAIRMAN. Then it would mean inevitably after the anti-Carrancistas had shot away their ammunition the Carrancistas would have some character of munition, indifferent though it might be.

Miss LAUT. Yes.

The CHAIRMAN. Do you still think that the unison of the good church people of this country and the good people of Mexico—and I join you in the tribute which you have paid to the Mexican people—that those good people all united could bring about quiet and order and peace in Mexico?

Miss LAUT. Mr. Senator, that question came up one night when a lot of the representatives of the foreign nations were sitting about the dinner table and the question was asked why are the Carranzistas in power when the Mexican people don't want them in power, and one of the representatives of the French Government took a lead pencil and he put his finger above it like this, and he said, "Why does that pencil stand up?" And the others said, "Because you hold your finger on it." He said, "That is why the corruption is being held up here in Mexico to-day because we have made a mistake in our diplomacy."

I did not want to venture into that because I wanted to keep on noncontroversial topics.

The CHAIRMAN. Yes. Still we are after the truth from those who know what the truth is. The Frenchman at any rate thought that

by the American Government keeping its finger on affairs in Mexico, as it has, that it is in that action sustaining the corruption in Mexico?

MISS LAUT. Yes. They thought Americans had been misinformed, misled, and, to a degree, betrayed, but that, of course, led me into expressing opinions and, as I said before, I loath opinions. I have to deal with the facts.

THE CHAIRMAN. Now, these articles you have been writing for the press in this country and in Canada concerning Mexico, are they being paid for by the Association for the Protection of American Rights in Mexico, or being paid for by those to whom you send them—I mean, by the papers?

MISS LAUT. Absolutely not a dime by the Association for the Protection of American Rights in Mexico, and every single article paid for by the magazine or newspapers which issued it, but one. I did not charge for the Human Review, and not only did not charge for that, but I did worse. I sent out several thousand copies of that article to philanthropists of the United States to get them interested in the children of Mexico.

THE CHAIRMAN. What I am getting at is this: You are not writing propaganda articles in that sense?

MISS LAUT. If propaganda is trying to help the women and children of Mexico, I will stand for it that I do, but if propaganda means I am upholding any political opinion or doctrine, absolutely not at all.

THE CHAIRMAN. I did not mean exactly that. I did not express myself well. The charge is bandied backward and forward here that certain people are carrying on a propaganda—it has been testified to here—against armed intervention by this country in Mexican affairs. They make a charge apparently, whether sustained or not, and that is what we are trying to get out, that other people—Americans—are issuing propaganda for the purpose of bringing about armed intervention in Mexico and the taking over of Mexico for the benefit of those who have oil interests and mining interests there and the same parties who seek to acquire other oil and mining interests in Mexico. Are you being paid by any such interests, American interests, or any other American interests except the papers for which you write, for the writing which you do?

MISS LAUT. Absolutely not except in one capacity, as the connecting link between the churches and the financial interests. But when people make out a check that may run up to \$40,000 to help the church movement some one has to be responsible for that, and I am responsible personally for that, but only as the link between the people who are trying to help Mexico and the churches am I paid.

THE CHAIRMAN. But for the writing are you paid?

MISS LAUT. Not a line.

SENATOR BRANDEGEE. That \$40,000 was not paid to you?

MISS LAUT. No; to the churches. And I think I worked until 1 o'clock every morning since I got back from Mexico, and I have given up days and weeks to establish and organize a union among those churches.

SENATOR BRANDEGEE. You are not advocating intervention by this Government?

Miss LAUT. Our entire movement is a preventive campaign, to avert war, to avert intervention. I do not know whether we will succeed. That depends on whether the crime stops.

The CHAIRMAN. Then you are not a party, at any rate, for armed intervention in Mexico?

Miss LAUT. Mr. Senator, I wish I could meet that animal that is working for armed intervention in this country. I see talk everywhere about it, but I do not find a single fact to sustain the charge. When I was in Mexico there was a good deal of propaganda to put down intervention by this country. Mexico is a paradise, and when you think of a land so large and so rich, where 9,000,000 people live so close to starvation, there is something rotten in Denmark. And then the statement was made that financial interests in the United States had financed the Madero revolution, and I knew the man who made that statement, and I had the greatest esteem for him. We were walking through the park and I said, "Who told you that?" He said, "A member of the Carranza Government." I said, "I like facts. Will you tell me which corporation did that, and how much money they put up for the Madero revolution, and when they put it up?" He said, "Don't you know such and such an oil company put up \$750,000 Mexican, which is about \$350,000 American?" I said, "Give me the names. Whom did they give it to?" He said, "They gave it to Gustavo Madero." I simply laughed. I said, "Gustavo Madero took that from hypothecated bonds sold in the French market and the French broker who helped him in the steal is serving a term in the penitentiary now, and the money stolen was replaced the minute Madero got in power." That is how much there is in one report.

The CHAIRMAN. That was reported to the Senate six or seven years ago.

Miss LAUT. And yet that thing was put out in Mexico City last winter, copied and recopied all through the American press.

Senator BRANDEGEE. You spoke about the way the elections were held, and if I understand you, they practically are allowed to only vote one way, to vote for the military party?

Miss LAUT. Yes.

Senator BRANDEGEE. Was not that a similar condition under the old Diaz regime?

Miss LAUT. If I answered that I would be answering from record, and not a matter of fact, which I saw; but I understood it was, and that was one of the conditions they were trying to remedy.

Senator BRANDEGEE. Practically the same.

Miss LAUT. Yes.

Senator BRANDEGEE. So that Mexico never has had a popular form of government, in the sense we understand it?

Miss LAUT. Mr. Senator, I think the tragedy of that country is that it has been the victim of exploitation by its rulers for 400 years.

Senator BRANDEGEE. Well, they have been used to a strong military, centralized government, have they not?

Miss LAUT. Yes.

The CHAIRMAN. Did not Madero have a fair election?

Miss LAUT. I do not think you should ask me, Mr. Senator.

Senator BRANDEGEE. Do you think, from your experience in Mexico, and what you saw and learned, that they are capable of maintaining an orderly, stable government through a series of years?

Miss LAUT. Not, Mr. Senator, without a strong arm of help financially, in a food way, and perhaps at intervals in a military way; but that I put on record as merely my opinion.

Senator BRANDEGEE. Yes; I understand that, and that is all any of us have, of course.

Miss LAUT. Yes.

Senator BRANDEGEE. It is a complicated situation and no one is sure about the remedy.

Miss LAUT. Yes.

Senator BRANDEGEE. Suppose this country was willing to keep furnishing food and give help and instruction and a sustaining hand to the Government, would not that immediately put the Government in disrepute with its own people that they were practically controlled by this Government?

Miss LAUT. I asked a very prominent Mexican woman that question. Shall I tell you what she answered me?

Senator BRANDEGEE. Well, I wanted your opinion rather than somebody else's, but you can answer it in any way you want to.

Miss LAUT. She said, "Pray God help comes soon, come how it may."

Senator BRANDEGEE. What effect would it have in Mexico if this Government did intervene with an army announcing that it came to establish order and stop the banditry and to help them to help themselves to set up some form of government of their own, that they were not going to stay there or annex their territory or anything of that kind? Have you any means of forming an opinion as to how that proposition would be received by the people of Mexico?

Miss LAUT. Well, I have been told by their own leaders that if such a beneficent pacification were undertaken and followed by thousands of cars of food that a hurdle 16 feet high would not stop the population coming en masse behind and supporting the movement.

Senator BRANDEGEE. Well, I have heard both sides. I have heard people state both opinions. I see that some of the military chiefs of Mexico state that any attempt by this country to send troops there and establish order would combine the whole population of Mexico against us, that the Carranzistas and all the bandits would immediately make common cause against the invader. I wondered whether you were able to form an opinion about the probabilities of that?

Miss LAUT. I think it is pretty largely politics for home consumption.

Senator BRANDEGEE. Do you think there is a large percentage of the Mexican people who are so tired of their different experiments at government and the disordered state of their country and the destruction of property and loss of business that after they did see that the Americans were trying to help them and stabilize things, that they then would support such an effort by Americans and enable them to set up a stable form of government?

Miss LAUT. Mr. Senator, I think if two things happened, if you sent in food enough to stop the banditry and money enough to re-

open the industries that 99½ per cent of the banditry would vanish and 99½ per cent of the Carranzista soldiers.

Senator BRANDEGEE. I mean do you think that the mere sending of food would operate, as it almost seems to me like a magical wand to dissolve these bandits? Would it not be necessary if you send food in to have an army of occupation to suppress these bandits and to insure regular movement of trains and for the protection of property there and occupy the country for a certain length of time until they could see that we were helping them and not hurting them?

Miss LAUT. Yes, but—

Senator BRANDEGEE. Do you think that the mere sending in of food, and medicines, and nurses, and establishing hospitals and schools, etc., without some military force to stabilize things and prevent outlaw raids would of itself accomplish this desired result?

Miss LAUT. No, Mr. Senator; but I think with financial help to the extent of the necessities and perhaps our Army men and our Navy men training and helping them, you would get all the armed support you wanted right in Mexico. Now, if I am wrong in that, remember that is only an opinion. Behind every warehouse is a watchman, beside every bank is a strong arm. I acknowledge if we extend the financial help, some one has to sit on the till.

Senator BRANDEGEE. Now, if the Carranza government is corrupt—

Miss LAUT. Yes.

Senator BRANDEGEE. And the army chiefs of the Carranzistas are corrupt, and we simply sent in these food supplies and things of that kind—

Miss LAUT. Yes.

Senator BRANDEGEE. Have not the people of Mexico themselves got to arise and put out the Carranza government?

Miss LAUT. They have, indeed.

Senator BRANDEGEE. Well, how are they to do it unless they have armies, and munitions, and arms?

Miss LAUT. Well, if we had not confined our help exclusively to a corrupt junta at present they would have done it.

Senator BRANDEGEE. I mean taking conditions as they are to-day.

Miss LAUT. Yes.

Senator BRANDEGEE. Because there is no use moaning about the past.

Miss LAUT. Yes.

Senator BRANDEGEE. Suppose we furnished all the things your united church movement proposes to furnish to them, how are all the well-disposed people in Mexico without getting hanged one by one to organize and establish military depots and keep up supplies and drill troops, and do all the things that are necessary to overthrow a government in power and backed up with arms? How are they to do it?

Miss LAUT. I can answer that in the words of a very prominent Mexican who has never been mixed up in any revolutionary movement. He says, "Give me a loan of \$30,000,000 and I can pay the troops, give me the food coming in behind, and I will pacify Mexico in one month, because the present troops are not paid."



The CHAIRMAN. Pardon me. You have got to hold him still long enough and surround him until he can get action on his \$30,000,000, have you not?

Miss LAUT. I think, Mr. Senator, that if we would stop holding up the pencil the Mexicans would help themselves pretty quick.

Senator BRANDEGEE. It seems to me now—I do not know how you look at it—but it seems to me no financial interests in this country can back up such an angel down there and endow him with the necessary funds to help this armed movement without being charged with fomenting a revolution in a foreign state with which we are at peace, and our Government certainly could not do it as a government without laying itself liable to the same charge.

Miss LAUT. But, Mr. Senator, we are not at peace. We don't keep a border control at a cost of \$150,000,000 if we are at peace.

Senator BRANDEGEE. But we have not declared war on them.

Miss LAUT. I know, but the peace is not there. We are simply fooling ourselves, bluffing ourselves.

Senator BRANDEGEE. I know, but we are maintaining the form of it, whatever it is. We have an ambassador there and they have one here and we are supposed to be at peace.

Miss LAUT. Yes.

Senator BRANDEGEE. None of the things you suggest could be done without a breach of peaceful relations, it seems to me.

Miss LAUT. I think if the aid goes into Mexico the Mexicans will do the rest themselves in cooperation with the United States.

Senator BRANDEGEE. I think they will accept all the supplies you send in, no doubt, but whether they will disband the bandits and dethrone the Carranzistas I can not see.

Miss LAUT. Not without a strong arm.

Senator BRANDEGEE. That is it, and how can the strong arm be applied?

Miss LAUT. I would rather have prominent Mexicans give their evidence on that than myself.

Senator BRANDEGEE. I would, too.

Miss LAUT. Because it is so much stronger coming from them, and I know many of them who would be glad to testify before you.

Senator BRANDEGEE. Of course we will hear them. I am groping for light on this. I have no panacea of my own to offer.

The CHAIRMAN. We had one experiment before you made this trip to Mexico through the Red Cross, did we not, in attempting to supply Mexican starving children in northern Mexico and in the City of Mexico?

Miss LAUT. Indeed we did. I know the details of that.

The CHAIRMAN. You do know the details of that?

Miss LAUT. Yes.

The CHAIRMAN. What became of Miss Boardman's movement in the City of Mexico?

Miss LAUT. They were expelled, and we shipped food in on one boat and food went out on another boat to Germany. But those conditions are not similar to the conditions to-day. There was a great war on, and the whole world was absorbed in that war. To-day the world can look after things. It could not look after Mexican affairs then. That will not happen again.

The CHAIRMAN. I have a very distinct recollection that a large shipment of Red Cross goods went into the City of Mexico, and several very large shipments of Mexican beans came out of Mexico, and were sent from there across to Cuba at the same time.

Miss LAUT. Yes; I have heard about that.

The CHAIRMAN. And then I recall, as you say, that the Red Cross was forced to come out of Mexico. By whose orders was that; do you know?

Miss LAUT. I could not tell which member of the Carranza government, but it was practically the Government, and 14,000 people died later.

The CHAIRMAN. I think Miss Boardman's report was that they were feeding, at the time they were ordered out, 26,000 meals, or 26,000 people—I am not sure about that—in the City of Mexico alone.

Miss LAUT. Yes; and 14,000 later died from lack of that care.

The CHAIRMAN. Then what hope have you that we would meet with any better success in sending supplies in there now?

Miss LAUT. Mr. Senator, it is not a hope; it is a certainty. Mexico has had nine years of crucifixion. Ninety-five per cent of the population are looking for help. At the time that happened to the Red Cross the Great War was on.

The CHAIRMAN. What does the other side intend doing?

Miss LAUT. I would say one-half of 1 per cent are in the saddle and the balance are bandits.

The CHAIRMAN. Now who would get the food if we sent it in there?

Miss LAUT. Unless you send it in with a strong arm the bandits will get it. A strong arm is absolutely necessary. That is the first thing the best Mexicans want, is to organize a powerful rurale police.

The CHAIRMAN. If they were able to do it they would do it, would they not?

Miss LAUT. They have neither the money nor the arms at the present moment to do it, thanks to our policy.

The CHAIRMAN. If we want you to give us details of certain occurrences which you have mentioned here as being willing to give in executive session we will let you know later, Miss Laut.

Miss LAUT. Very well, Senator.

The CHAIRMAN. And thank you very much for your attendance here and your assistance to the committee.

Miss LAUT. Thank you, Senator.

Now, these pictures all I can guarantee under oath as being correct except those that came from the film service. Most of them were taken under my direction, but I can not disclose how they were so taken without exposing others to very great danger.

The CHAIRMAN. The committee will stand adjourned until 11 o'clock to-morrow.

(Whereupon, at 10.15 o'clock p. m., the subcommittee adjourned until 11 o'clock to-morrow, Tuesday, September 16, 1919.

# INVESTIGATION OF MEXICAN AFFAIRS.

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**TUESDAY, SEPTEMBER 16, 1919.**

UNITED STATES SENATE,  
SUBCOMMITTEE OF THE COMMITTEE ON FOREIGN AFFAIRS,  
*Washington, D. C.*

The subcommittee met pursuant to adjournment, at 11.05 o'clock a. m., in Room 235, Senate Office Building, Senator Albert B. Fall presiding.

Present: Senators Fall (chairman) and Brandegee.

The CHAIRMAN. Is Mr. Boynton present?

## **TESTIMONY OF CHARLES H. BOYNTON.**

(Witness was duly sworn by the chairman.)

The CHAIRMAN. Where do you live, Mr. Boynton?

Mr. BOYNTON. New York City.

The CHAIRMAN. What is your occupation?

Mr. BOYNTON. I am the executive director of the National Association for the Protection of American Rights in Mexico.

The CHAIRMAN. What has your occupation been for years past, generally?

Mr. BOYNTON. From 1889 until 1907 I was engaged in newspaper work. In 1907 I became manager of a banking and brokerage house, members of the New York Stock Exchange. Afterwards I organized my own firm; and the firm of C. H. Boynton & Co., members of the New York Stock Exchange, existed until October, 1917.

I was president of the Consolidated Copper Mines Co. and also president of the American-Russian Chamber of Commerce. In that connection I went to Russia in the spring of 1917 and was there nearly through that year of the revolution.

I came back and devoted myself to personal interests until I took up the work for this organization.

The CHAIRMAN. In connection with this organization, what is the character of the work that you perform, the character of your duties?

Mr. BOYNTON. In cooperation and consultation with its board of directorate I outline and work out its policies.

The CHAIRMAN. Who has charge of the publicity matter for the organization?

Mr. BOYNTON. Mr. Charles F. Carter, under my supervision.

The CHAIRMAN. In any material or matter which you send out for information or the publication of which you secure, or to which you give publicity in any other way, what is the course which you follow, if any?

Mr. BOYNTON. Well, the matter would probably—it would depend upon how it came to our attention.

The CHAIRMAN. Just describe it.

Mr. BOYNTON. It first having come to the attention of some department of the organization it would probably be called to my attention; I would then undertake to find out the source of the information, its trustworthiness, and after making such investigations as were possible or necessary would pass on whether it was proper or improper material for the organization to use.

The CHAIRMAN. In the event some matter came up to which you thought it advisable to give publicity, or came to your attention through some witness who claimed to know something which you conceived to be of interest to the members of your organization or to others, if you desired to give publicity to it, what steps would you take toward checking it up and ascertaining the accuracy of the information?

Mr. BOYNTON. Well, first, that would depend a great deal upon what I considered to be the reliability of the individual who offered the information. If it came from some Government or official source, I would be inclined to accept that without much further inquiry. If it came from an individual we would locate the individual and make inquiries as to his general character and also take steps to check up the information at its source. I mean by that, at the point of origin, wherever the information or the news had been created.

The CHAIRMAN. What is the general purpose of this organization?

Mr. BOYNTON. I think, Mr. Senator, that in order to answer that fairly to the organization and to the committee it would be necessary for me to go into a statement as to how the organization was created and the various steps that have been taken to place in the hands of the public and the State Department an exact announcement of those purposes and aims.

The CHAIRMAN. Very well, sir; just proceed as shortly as you reasonably can to give us the statement.

Mr. BOYNTON. The continued evidence of disorder and pressure against American rights, both the right to live and the right to hold what one has honestly and legally acquired, naturally brought together in more or less consultation men and women who had interests in that Nation. They found that they were working at cross-purposes, that there was no unity of action, then there was no really well thought out plan by which assistance could be had or the Government could render aid. Naturally some one proposed that an association which could act as the channel of thought, as a medium of conference and by some unity secure a single purpose-ness of action, that they would get better results.

As the outcome there assembled in New York in January 40 gentlemen representing, I think, every line of industry in Mexico, the agricultural interests, the cattle interests, the irrigation interests, mining interests, oil interests, industrial interests, banking interests, were all represented at that meeting.

A committee was appointed to draft by-laws for the proposed organization. Such a committee made a report. The constitution and by-laws were adopted, and the association held, I think, its first

meeting in January. It was then simply a form of organization without actual organization. Except that a secretary was appointed I know of no real activity of the organization until I became its executive director, I think on March 25 of this year.

When I was approached to take the position I carefully investigated what its aims and purposes were and what was to be expected of me. I convinced myself of the high-mindedness and the general character of those who were to direct its affairs, and finally agreed that I would give one year to directing its affairs.

Before that, I might say, a committee had been appointed which came to Washington and laid the prospectus of the organization before Mr. Polk, who was then Acting Secretary of State, and I am going to read, if I may, just a line from the report that was made back to the organization:

Mr. Kellogg, as spokesman for the committee appointed to go to Washington to present the prospectus of the association to the State Department, reported a very friendly and pleasant reception by Mr. Polk, who expressed his pleasure to learn of the plans of the association for publicity on Mexico, and that he welcomed and approved of it. Mr. Polk stated further that he did not wish anyone for a minute to think that the department was in any way offended or would be hostile to such a course.

Senator BRANDEGEE. Who signed the report?

Mr. BOYNTON. The report was apparently made by Mr. Kellogg and Mr. Martin Egan, the two members who composed the committee.

Later a larger committee came to Washington and presented the plans of the organization to Mr. Fletcher, the ambassador to Mexico. I acted as spokesman myself at that meeting, and I wish to add that from that day on the bulletins of the association and a knowledge of its activities have gone to officials of the State Department and up to this minute I have never received an intimation from any Government official or from any one who was in a position of authority to speak for the Nation the slightest intimation that there has been a thing done that was prejudicial to the welfare of the Nation or objectionable to the administration.

Senator BRANDEGEE. Did you speak of a constitution as well as by-laws? I do not remember what you stated.

Mr. BOYNTON. No; they are by-laws only. There is no constitution, because it is not an incorporated organization.

Senator BRANDEGEE. Well, let the copy of these by-laws go into the record.

(The by-laws above referred to are as follows:)

**BY-LAWS OF THE NATIONAL ASSOCIATION FOR THE PROTECTION OF AMERICAN RIGHTS IN MEXICO.**

1. *Name*.—The association shall be known as National Association for the Protection of American Rights in Mexico.

It shall have a principal office in the city of New York and such other offices as the executive committee may from time to time determine.

2. *Purposes*.—To assist in bringing about the full recognition and adequate protection of American rights and lives in Mexico, and to promote the peace, progress, and welfare of that country, and to that end to cooperate with the Governments of the United States and of Mexico.

3. *Membership*.—Corporations, associations, partnerships, or individuals, interested in these purposes shall be eligible to membership in the organization.

4. *Classes of Membership*.—There shall be two classes of members, (a) active, (b) associate.

Active members shall consist of those who have some active property or business interest in the Republic of Mexico, jeopardized by a failure to maintain orderly conditions under which protection can be provided to life and property, and who are willing to assume the financial obligations that must be met in order to carry out the purposes of this association.

Associate members shall comprise those whose sympathy and interest are in line with the purposes of the organization, but who may not wish to become active members.

All members must be elected by the executive committee, or by a membership committee of not less than three members which the executive committee may appoint and vacancies in which the executive committee shall fill from time to time.

Any member may be suspended or expelled from the association at any time either for nonpayment of dues or for any conduct deemed by the executive committee to be detrimental to the interests of the association and upon vote of a majority of the executive committee.

All members not already belonging to any organized group representing those engaged in a special industry or occupation shall, upon becoming members of the association, be assigned by the executive committee to such appropriate organized group as may exist, or if there be no such appropriate group, shall be encouraged to organize such additional and further groups as the executive committee may deem proper.

5. *Plan of organization*.—The plan of organization shall be as follows, to wit:

(a) *Officers*: The officers shall consist of a chairman, one or more vice chairmen, the number to be decided by the executive committee, secretary, and treasurer, both of which last-mentioned offices may be filled by the same person, and such assistant secretaries and assistant treasurers and other officer as the executive committee may provide. The duties of all officers shall be prescribed by the executive committee.

Suitable salaries to be fixed by the executive committee, subject to the revision of the general committee, shall be paid to such officers as the executive committee may deem necessary for the conduct of the business of association. All officers shall be elected and all vacancies filled by the executive committee.

(b) *General committee*: The affairs of the association and the duties of its officers shall be under the general supervision and direction of a general committee, to be made up of one representative to be named by each corporation, association, partnership, or individual who may participate in the association as an active member, and the members so named shall continue to serve until replaced by the corporation, association, partnership, or individual represented, or until the active membership of his principal be terminated.

(c) *Executive committee*: There shall be an executive committee of 12 members, who shall have power to increase their number to such extent and by the selection of the representatives of such industries as they may see fit: *Provided, however*, That if there shall exist an organized group of the members of this association belonging to any given industry, the representative of such industry on the executive committee shall always be subject to the approval of such group, it being the intention that the executive committee shall contain, wherever practicable, the representatives selected by the various industries to represent them in this association.

Said executive committee shall comprise three members representing the petroleum and petroleum refining industries; three members representing the mining and smelting industries; three members representing bankers and security holders; together with such number of representatives of the agricultural, land, cattle, industrial, labor, transportation, and other groups as the executive committee shall from time to time determine.

At the time of the selection of each member of the executive committee as the representative of any particular industry, there shall be selected an alternate who shall have full power to act as a member of the executive committee in the absence of any delegate of the group which he represents. The delegate who is to be absent (or if he shall fail to act, any other delegate representing the same group) shall select the alternate who is to represent the absent delegate at any meeting or meetings.

Any alternate shall be entitled to be present at any meeting of the executive committee, but shall have no vote at any such meetings unless a delegate of the same group shall be absent.

The executive committee shall have power to fill vacancies in its membership arising from time to time from any cause whatsoever, adopting, however, the principal representation of the various groups as hereinbefore specified; *Provided, however*, That any selection by the executive committee of a delegate or alternate as representing any particular group, shall always be subject to the prior or subsequent action of the members belonging to such group.

The executive committee shall have full power to adopt, and from time to time, modify by-laws governing the operation and management of the association, this power of the executive committee to be always subject to review by the action of the general committee at any regular or special meeting.

The executive committee shall have the direct supervision, control, and direction of all officers of organization, and shall have in the interim between meetings of the general committee, all of the powers and shall perform all of the duties of the general committee.

States meetings of the executive committee shall be held monthly at such times and places as may be determined by that committee. Special meetings of the executive committee may be held at any time upon the call of the chairman or a vice chairman and upon such notice given either by mail, telegraph, telephone, or personally as shall be necessary in order to secure the attendance of a quorum. Five members of the executive committee shall constitute a quorum.

The executive committee shall have power from time to time to appoint and discharge such special or subcommittees as it may see fit, delegating to such committees such power and authority as it may deem proper.

The executive committee members shall hold office from January 1 of each year until January 1 of the succeeding year or until their successor shall be duly elected by the general committee.

**6. Meetings.**—Meetings of the general committee shall be held at the call of the chairman, a vice chairman, or of the executive committee whenever such meetings are deemed necessary, and ten days' notice by mail shall be given thereof.

The annual meeting of the general committee for the purpose of electing an executive committee for the next succeeding calendar year and for the purpose of transacting such other business as may be presented, shall be held on the second Monday of December in each year, at 10.30 a. m., at such place in the city of New York as the executive committee may designate in the notice of such meeting given as aforesaid. If not so held, such election may be held thereafter at any special meeting of the general committee.

At any meeting of the general committee each active member who shall have duly paid his or its dues and shall otherwise be in good standing, shall be entitled to one vote, which may be given either in person or by representative on such general committee, or by proxy to any other member of the general committee. All associate members of the association, though not entitled to a vote, shall, nevertheless, be privileged to attend any meeting of the general committee. A quorum of the general committee shall consist of such active members as may be present or duly represented thereat.

**7. Dues.**—Active members of the association shall pay an annual membership fee of \$100 and associate members shall pay an annual membership fee of \$1. All further necessary financing to be provided as the executive committee may approve.

**Resolved**, That \$100 per calendar year constitute the maximum dues required by the by-laws of the association from active members, and that there is no moral obligation attached to active membership to contribute additional funds to the association.

**8. Amendments.**—These by-laws may be amended, revoked, or supplemented at any meeting of the executive committee by the vote of a majority thereof, and at any meeting of the general committee by the vote of a majority present at such meeting, provided, however, that any action taken by the executive committee in respect to the by-laws shall always be subject to revision by the action of the general committee.

Mr. BOYNTON. A little bit later we had the first intimation that charges were being made that we were interventionists. Our board of directors held a meeting and gave considerable thought to the formulation of a definite statement of policy, and the statement was prepared and submitted to the State Department on the 23d of June of this year in the following letter:

HON. HENRY FLETCHER,

*State Department, Washington, D. C.*

DEAR SIR: Following the suggestion of Mr. Woolsey that the National Association for the Protection of American Rights in Mexico file with his department a brief outline of its aims and purposes, together with suggestions to the State Department, I beg leave to inclose herewith an outline of such a policy. The association, however, does not feel that it should assume to suggest to the State Department how such a policy should be made effectual.

In the Democratic platform adopted by the Democratic convention in 1912, there appears the following clause:

"The constitutional rights of American citizens shall protect them on our borders and go with them throughout the world, and every American citizen residing or having property in any foreign country is entitled to and must be given its full protection of the United States Government both for himself and his property."

If the administration will give effect to the aforesaid clause, the purposes of this organization will be effected, and while this association stands ready to give to the administration all of the information which it has collected and will collect, and the benefit of the experience and knowledge acquired by its members through many years of residence in Mexico and personal acquaintances with Mexicans both in and out of the present administration, the association does not feel that it should presume to suggest to the administration how it should proceed with the performance of its pledges, but considers that its function is to provide a medium through which Americans interested in Mexican affairs can obtain information and through which they can appeal to your department for protection against invasion of their rights. At the same time, the association is ready to cooperate with your department and will welcome an invitation from you to do so.

The letter is signed by Mr. Frederick N. Watriss on behalf of the board of directors, of which he is one. The policy is as follows:

It undertakes to justify its name. Its name implies, what is real and urgent, the peril of American rights in Mexico lawfully acquired under Mexican laws and guaranteed by treaties.

In detail it endeavors to:

(1) Enlist the largest possible membership from those American corporations or individuals who have such rights in Mexico.

(2) By regular circulars or otherwise to keep members posted as to all matters which affect such rights and what is being done about them.

(3) To give through every proper means, to those entitled thereto or interested therein, information regarding all illegal and unfair infringements of such rights—avoiding exaggeration, and being fair to the Government and people of Mexico as well as our own.

(4) To correct false impressions with regard to rights of Americans in Mexico created by misleading or false statements in the press or elsewhere.

(5) To assist our own Government, the administration and Congress, to understand the situation of American interests in Mexico and to seek their aid and support whenever and wherever necessary.

(6) To demand our rights as self-respecting, loyal American citizens—ready to help and asking only what is legal and right—and avoiding the temptations and the reputation of irresponsible complaint.

(7) In so doing and as a necessary incident thereto, to champion the rights and interests of the worthy people of Mexico, and to do everything possible to help them to good government and a better chance in life and civilization without interference, however, in Mexican politics.

(8) It advocates stern insistence by the United States Government upon respect for rights of Americans in Mexico whether such rights be threatened by the provisions of the Mexican constitution or otherwise, believing that only



by such insistence can respect be had for such rights or for the dignity of this country. This is asking only the performance of the guaranties given by the representative in this country of the de facto government of Mexico to the effect that the lives and property of foreigners would be respected in accordance with the practices established by civilized nations and the treaties in force between Mexico and other countries.

Senator BRANDEGEE. Now, you offered in the document which you read just before this, the one which you wrote to Assistant Secretary Polk, to cooperate with the department.

Mr. BOYNTON. Yes.

Senator BRANDEGEE. Have they offered to cooperate? What offers of cooperation have you received from any official of the State Department?

Mr. BOYNTON. Why, our relations with the officials have been very cordial. Wherever we have sought information of a character that had anything to do with what you would call the official archives of the State Department they have given cooperation or, at least, have aided us with their suggestions as to what would be a proper course to pursue under certain conditions.

Senator BRANDEGEE. Yes.

Mr. BOYNTON. Where we have had information of certain outrages, why we have presented them to the State Department, and in some instances they have corroborated them and given out the information later.

As to a definite reply to that letter, I would have to refer to Mr. Watriss, as the letter was written by Mr. Watriss, and if there was a reply I have never seen it.

Senator BRANDEGEE. I do not mean so much a reply to the letter as to whether in fact the department had accepted your proposition to cooperate in any Mexican policy. Of course, I understand that from time to time——

Mr. BOYNTON. No; there has been no——

Senator BRANDEGEE. Just wait a minute, please. Of course, I understand that from time to time you have been to the department and asked them whether you should pay the bandits, and asked them what you should do and whether this and that would be satisfactory to them, or whether they would advise it; but they have not in any way, have they, requested you to continuously cooperate with them, and they do not advise you in advance what their policies are going to be, do they?

Mr. BOYNTON. No; we have had no intimation of any policy in Mexico.

Senator BRANDEGEE. They give you such information as they can where you request it of them?

Mr. BOYNTON. That is the point.

Senator BRANDEGEE. And if you hear of anything that you think might interest them, or if you contemplate doing anything that you think might affect international relations, you tell them what you are doing or thinking about doing?

Mr. BOYNTON. Yes.

Senator BRANDEGEE. And find out whether it will be agreeable to them?

Mr. BOYNTON. That is it.

Senator BRANDEGEE. That is all.

The CHAIRMAN. Do you attempt to secure publicity in the press of this country, or of any other country, for matter which you consider of interest along the line of the purposes for which your organization was created?

Mr. BOYNTON. We have given out to the press certain new developments, the knowledge of which came to us before, evidently, to any other newspaper distributive bureau, or matters that had come to our attention that had not been disclosed through the State Department. We have sent out a few translations from Mexican papers showing conditions as evidenced by Mexican papers. We have sent out a translation of article 27 of the new constitution, a translation of the new agrarian laws, and a translation of the new mining laws.

The CHAIRMAN. If you have those pamphlets, identify them, will you, and file them.

Mr. BOYNTON. All of those are here and I will be glad to submit them to the committee.

The CHAIRMAN. Identify them and file them.

(The documents referred were thereupon marked as follows: Pamphlet entitled "How Article 27 of Mexico's New Constitution Affects American Property Holders," "Boynton Exhibit No. 1." Translation of the new Mexican agrarian law, "Boynton Exhibit No. 2." Translation of the new Mexican mining tax law, "Boynton Exhibit No. 3.")

(The above exhibits were thereupon filed with the committee).

Mr. BOYNTON. There is a file, Mr. Chairman, of the entire matter which this association has sent to the press. You will be surprised, I think, to see how meager it is.

(The matter referred to will be found at the conclusion of this day's session.)

Mr. BOYNTON. I would like to add, too, that in the testimony that has been given as to our activities, except for one article, there has not been mentioned by any witness a single piece of publicity that could be attributed to us. What they seem to think is that every time Mexico is mentioned in the press of the United States we are responsible for it. The truth of the matter is that 75 per cent of it in the last 60 days has emanated from Washington and is official information.

The CHAIRMAN. One of the witnesses who has testified here, Mr. de Bekker, referred specially to your activities in giving publicity to statements made by some gentleman, I think his name was Altendorf—was that it?

Mr. BOYNTON. Altendorf.

The CHAIRMAN. Altendorf. What have you done with reference to giving publicity to any statements of Mr. Altendorf, if any?

Mr. BOYNTON. I was in Washington when my New York office called me up and said that they had made an appointment for me at 10 o'clock next morning to consider a matter which they considered of great importance. I went over there and was told that a young man named Daugherty, of San Antonio, Tex., who had been in the military intelligence department of the bureau at Fort Sam Houston, had come into the offices with a man named Dr. Pedro Altendorf, who had been an operative in the military intelligence of the United States Army, and who was seeking our assistance as

to the best method of making his information public, because he believed it a proper thing to have the public have knowledge of the conditions that he had seen in Mexico. I had an interview with these two men and listened to a recital of his tale. It was so startling and so full of sensational information as to the Mexican-German intrigue and as to the condition in that country, Mexico, that I felt the greatest caution should be used in having any association with the men whatever until their character had been investigated.

I came to Washington and saw an officer of the Department of Justice and checked up with him their information as to the man. As that information was given to me in confidence I would rather not disclose it except in executive session, but it was of such a character as to show me that the man had been in the employ of the Department of Justice and the reports were available.

The CHAIRMAN. That is, his reports to the Department of Justice?

Mr. BOYNTON. No, the reports of others checking up his reports.

I then tried the next day to see the officers of the Military Intelligence of the Army and was unable to do so.

I went back to New York—that was Saturday morning—and over Sunday determined that the only way I could be sure that Altendorf was the man whom the department had in mind, and who was known as Operative A-1, and the man who was talking to me was to have him go to Washington with me and confront the officials of the Military Intelligence.

Dr. Altendorf met me on Monday morning and we had three-quarters of an hour session with—may I have that last set of documents there, because I think I can quote exactly?

Senator BRANDEGEE. What Monday morning? What day of the month?

Mr. BOYNTON. Of August.

The CHAIRMAN. What day?

Mr. BOYNTON. I do not know the date. I would have to go back and look it up. I should say it was about the middle of August. If you can get the Monday that was closest to the middle of August you will have the date.

With Daugherty and Altendorf present I talked with Gen. Churchill, the head of the Military Intelligence. This is a quotation which is in the first Altendorf article:

Gen. Marlborough Churchill, the head of the Military Intelligence Department, spoke in terms of the highest praise of the zeal and trustworthiness of Dr. Altendorf and of the great value of the services he rendered.

That statement was shown to Gen. Churchill before it was sent out to the press.

Senator BRANDEGEE. He approved of it, did he?

Mr. BOYNTON. I beg pardon?

Senator BRANDEGEE. Did Gen. Churchill approve of that statement?

Mr. BOYNTON. He read it and made no objection to it.

I felt then that the head of the Military Intelligence having given me a statement of the trustworthiness of a man whom they said had shown great zeal in Mexico that I would be justified in representing the statements he made as to what he found in Mexico to

the public. That is what was done before those articles were published.

I do not think Dr. Altendorf has said much that has not appeared in public documents or the knowledge of which has not been quite general.

Sneator BRANDEGEE. I think I remember one expression in that article, which I read at the time it was printed several weeks ago, in which he stated that Carranza was the head of the bandits in Mexico. I had not seen that in any public documents before. Had you?

Mr. BOYNTON. No; I have not seen that in any public documents. I do not remember that phrase, either, in the story. I have no doubt it is there, Senator.

Senator BRANDEGEE. Well, I would not swear it is there. I say I seem to remember some such statement.

Mr. BOYNTON. I would like to look it up.

Senator BRANDEGEE. Do not let me divert you from the continuity of your statement.

Mr. BOYNTON. It is all right. I will look it up later.

The CHAIRMAN. One of the former witnesses when questioned as to the ground for his statement that you were engaged in propaganda for the purpose of bringing on armed intervention in Mexico read all or a portion of an article or news item, clipping, or editorial, or something of that kind, from one of the San Francisco papers, purporting to be an interview, I believe, with a man by the name of "McDonald," or some such name.

Mr. BOYNTON. Yes.

Senator BRANDEGEE. Maj. McDonnell.

Mr. BOYNTON. Yes; Maj. McDonnell is one of our two field secretaries. Of course, I should want to see that clipping and ask Maj. McDonnell as to whether he was correctly reported, but if your question is for the purpose of bringing out our attitude toward intervention, why I can go on.

The CHAIRMAN. No; I wanted to ask you particularly about this, as to who Mr. McDonnell is and you have answered that he is one of your field secretaries.

Senator BRANDEGEE. Mr. Chairman, was that the statement referred to by Mr. Inman?

The CHAIRMAN. That was the statement to which I had reference.

Senator BRANDEGEE. Was it substantially that McDonnell had told somebody in California that intervention was practically the only remedy?

The CHAIRMAN. Substantially that, as I recall it. If the secretary see whether there was anything articular organization, whether

York, have they?  
re in New York.  
; is that the address?

ranch office in Washington?

'ex., and in Los Angeles, Calif.?

Mr. BOYNTON. Well, I would not say—yes, we have a representative in El Paso who makes his headquarters with the El Paso Chamber of Commerce.

The CHAIRMAN. Who is that representative?

Mr. BOYNTON. Mr. Joseph N. Quail.

The CHAIRMAN. Los Angeles, Calif., 1015 Security Building. Who is your representative there?

Mr. BOYNTON. That is McDonnell of whom you have spoken.

The CHAIRMAN. How are your funds raised?

Mr. BOYNTON. By membership dues and by assessment on its member groups.

The CHAIRMAN. I notice a pamphlet sent out by your association in which you give a partial list of the members of the association grouped—agricultural and cattle group, banking and security holders group, commercial trading group, industrial group, petroleum and petroleum refining group. Do these lists comprise the total membership of your association?

Mr. BOYNTON. That was a list of the membership—a partial list of the membership at the time that that call was printed. At this time the total membership is over 2,000, of which about—the proportion is about 20 to 1 of active memberships and associate memberships. I mean by that that there was about 1,916—I think it is—associate members, and about 130 or 140 active members.

Senator BRANDEGEE. This pamphlet is labeled on the cover "A call." When was it issued?

Mr. BOYNTON. When was it issued?

Senator BRANDEGEE. Yes. I do not mean the exact date, but is it a recent publication or an old one?

Mr. BOYNTON. It was, I should say, three months ago. We did not put the date on it because we wanted to use it for a continuing period.

Senator BRANDEGEE. I notice your by-laws provide for a chairman of the association. Who is chairman?

Mr. BOYNTON. There is none. He has never been appointed.

Senator BRANDEGEE. Well, is there a secretary and treasurer?

Mr. BOYNTON. There is a secretary—Mr. Frank J. Silsbee. The treasurer is Mr. E. W. Stetson, vice president of the Guaranty Trust Co.

Senator BRANDEGEE. Are those offices under salary or paid?

Mr. BOYNTON. I am under salary, the secretary is under salary; the treasurer is not.

Senator BRANDEGEE. We have asked the other representatives of these other associations that have appeared before us what their salaries were; that is, the publicity men, so to speak. What is your salary?

Mr. BOYNTON. \$20,000 a year.

Senator BRANDEGEE. And what do you call yourself? Have you an official position?

Mr. BOYNTON. Executive director.

Senator BRANDEGEE. That is all.

The CHAIRMAN. We will file this call.

(The pamphlet referred to was thereupon marked "Boynton Exhibit 4," and is filed with the committee.)

The CHAIRMAN. The clipping there pasted on the left of this sheet of paper is that from which the witness testified a few days ago with reference to the statement of Maj. McDonnell, your field secretary, the witness testifying or reading simply certain portions of the article, and, as we recall, the entire article was not read into the record, but I am not positive as to that. This Maj. McDonnell is the gentleman you mention as your field secretary?

Mr. BOYNTON. Yes.

The CHAIRMAN. Is there anything in that article which is contrary to his instructions or to the purposes of the organization as you understand it, or does it properly set forth the situation as you understand it?

Mr. BOYNTON. You speak of the clipping on the left, do you, Mr. Chairman?

The CHAIRMAN. That is the McDonnell article; yes. You notice that part of it purports to contain an interview with McDonnell and some portion of that was read into the record by the witness as a foundation for his statement that you were engaged in propaganda for armed intervention.

Mr. BOYNTON. I would not have expressed myself just as he did, but there is nothing I find contrary to his conception of what his duties were.

The CHAIRMAN. The entire article will be filed and printed. It appears both of these articles are based on statements made by Mr. McDonnell.

Mr. BOYNTON. I did not read the clipping on the right.

The CHAIRMAN. Well, suppose you read that. I would like to have them both. I do not remember whether that one was mentioned or not. I remember the one to which I directed your attention was specifically mentioned.

Mr. BOYNTON. The portions that are within quotation marks are perfectly proper—I mean proper as coming from him in his capacity.

The CHAIRMAN. They will be filed and printed in the record.

(The newspaper clippings referred to are as follows:)

#### SOCIETY AIMS TO GUARD UNITED STATES MEXICAN LAND.

MAJ. JOHN G. M'DONNELL HEADS ORGANIZATION WORK OF ASSOCIATION TO PROTECT OIL PROPERTIES—IMMEDIATE ACTION DEMANDED TO SECURE FULL RECOGNITION OF RESPECT FOR AMERICAN RIGHTS.

For the purpose of enlisting prominent citizens of San Francisco in the National Association for the Protection of American Rights in Mexico, Maj. John G. McDonnell (retired), until recently on the staff of Gen. Hunter Liggett, in France, arrived here yesterday.

Having headquarters in New York, the association, comprising as members leading financial interests, oil operatives, cattle raisers, mining men, and business interests of the United States, is gathering data to lay before the United States Government facts on oppression and atrocities Mexico is carrying on against the citizens of this country.

Because of his knowledge of conditions in Mexico, Maj. McDonnell, who was provost marshal of the First Army in France, was selected to head the organization work on the Pacific coast.

#### OBJECT OF ASSOCIATION.

Maj. McDonnell, at the St. Francis Hotel, said:

"The object of the association is to arouse, organize, and lead public sentiment to support the administration and Congress in taking immediate action to secure full protection for the lives and property of American citizens, wher-

ever they may be, and to compel that respect for the American flag which has been so conspicuously lacking in Mexico for nearly fourscore years.

"That there is a great need for an organization of this kind is made quite plain by the placid indifference with which we have allowed 300 American citizens to be killed in Mexico within the past few years, to say nothing of the attempted confiscation or destruction of American property worth more than a billion dollars. This certainly would appear to indicate the need for somebody to assume the leadership in arousing the torpid public conscience. Some have felt that the Government has been remiss in protecting its citizens, but a democratic government can not go beyond the wishes of the people who create it. When the public demands it, full justice will be done in the intolerable situation in Mexico.

"The Mexico situation is a matter which vitally interests every true American, not alone those who have invested large sums across the border, nor the survivors of thousands of colonists who have lost everything they possessed and whose families have been murdered"

#### "I. W. W. AND BOLSHEVISM.

"Mexico is a haven of refuge to which the I. W. W., which is an alias for anarchists, were sent to be tutored by German propagandists. The product of this joint labor of anarchy and Kultur was Bolshevism, which was first put into erect in Mexico in all its details, even to public ownership of women and corruption of children Bolshevism was transplanted from Mexico to Russia, where it is now bearing its perfect fruit. From its original source in Mexico the evangelists of anarchy hope to introduce it in the United States. They have made no little progress.

"Among other things the Carranza movement has a press bureau in Washington and another in New York, from which emanate the roseate accounts of Mexican conditions which appear frequently in certain American papers."

#### "FREE GOVERNMENT.

"The theory of free government, as Americans understand it, is impossible in Mexico. Good government is founded on education. Mexico is sunk in an abyss of ignorance. Deceit, corruption, personal and political revenge, are the motives animating so-called elections. Instances are absolutely proven of persons recorded as elected to office having not even been on the ballots. The new constitution is out-and-out Bolshevism in practice. It provides for the confiscation of all property rights, as the civilized world understands them."

Major MacDonnell, to substantiate his statement, gave a textual translation of Article XXVII of the new constitution of the Mexican Republic, whose provisions follow:

"(a) No foreign corporation or individual can legally acquire or hold any mines, oil wells, land, or other real property in Mexico unless he renounces his citizenship.

"(b) No corporation, either domestic or foreign, can own agricultural, grazing, or other rural lands in Mexico, and if title to such property is already vested in a corporation provision is made for its acquisition by the respective State governments in exchange for State bonds.

"(c) No corporation owning a mine, oil well, factory, or other industrial enterprise can hold or acquire land in excess of its actual immediate requirements, the area to be determined by the Federal or State executive.

"(d) No foreign corporation or individual can, under any condition, hold or acquire ownership to lands or waters within 60 miles of its frontiers or 30 miles from the seacoast.

"(e) The ownership to all minerals, solid, liquid, or gaseous, is declared to be vested in the nation, regardless of existing rights based upon the old constitution."

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#### TIME TO ACT IN MEXICO, ASSERTS UNITED STATES ARMY MAN.

CARRANZA MERELY FIGUREHEAD AND MURDER AND PILLAGE GO ON UNHINDERED—300 AMERICANS KILLED—MAJ. MACDONNELL HERE TO AROUSE SUPPORT OF ANY STEPS GOVERNMENT MAY TAKE.

"Seeking the support of local leaders, Maj. John G. MacDonnell, United States Army, one of Lieut. Gen. Hunter Liggett's staff in France, arrived in

San Francisco yesterday to promote plans to solve the Mexican problem. Maj. MacDonnell is field secretary for the National Association for the Protection of American Rights in Mexico. Membership in the association is held by more than 600 banks, industrial, and commercial institutions in the United States. San Francisco will be asked to fall in line, Maj. MacDonnell says, in upholding Congress and the administration in whatever policy is mandatory for the correction of present intolerable conditions.

"The placid indifference with which the killing of more than 300 American citizens in Mexico within the last few years is regarded," Maj. MacDonnell says, "to say nothing of the attempted confiscation and destruction of American property worth more than a billion dollars, would appear to indicate the need for somebody to assume the leadership in arousing the torpid public conscience.

#### " HERE TO AROUSE PUBLIC.

"Some have felt and said that the Government has been remiss in protecting its citizens, but a democratic government can not go beyond the wishes of the people who create it. When the people demand it full justice will be done in the present intolerable situation in Mexico.

"Our association, for which I am seeking the support of San Francisco, was formed to arouse, organize, and lead public sentiment which would support Congress and the administration in taking, without further delay, whatever steps may be necessary to secure protection for the lives and property of American citizens, wherever they may be, and to compel that respect for the American flag which has been so conspicuously lacking in Mexico for the greater part of 80 years.

#### " AMERICANS IN CHINA PROTECTED.

"We did not hesitate to take energetic steps for the protection of American citizens in China in the Boxer rebellion of 1900. We recognized the right and duty of a government to protect its citizens temporarily residing in foreign lands when Italy demanded and received without demur on our part reparation for the lynching of some of its citizens in New Orleans. Indeed, the duty of a government to protect its citizens wherever they may be seems to be fully understood everywhere but in America to-day. This is the purpose for which governments are created.

"The Mexican situation concerns not alone those who have invested large sums in Mexico, nor the survivors of thousands of colonists who have lost everything they possessed and whose families have been murdered. It is a matter which vitally interests every man, woman, and child in America.

#### HAVEN FOR I. W. W.

"Mexico is the haven of refuge to which the I. W. W. were sent to be tutored by German propagandists. The product of this joint labor of anarchy and kultur was Bolshevism, which was first put into effect in Mexico in all its details, even to public ownership of women and corruption of children. The truth is that there is no organized government in Mexico. Carranza is merely the nominal head of a movement and does not even control his own so-called government. The control rests in the hands of military chieftains who acknowledge no allegiance to Carranza except that which is gained through being provided with money. Only one-half of 1 per cent of the people of Mexico are responsible for the crimes that are committed there.

#### COUNTRY IN CHAOS.

"Chaos is the only word which describes the situation when we attempt to view it as a whole. Under such conditions is it not imperative that America should be aroused to the menace of the southern border? Those who originated the National Association for the Protection of American Rights in Mexico thought so. And no violent protests against its aims and activities have emanated from Washington."

Among the institutions of America sponsoring the association are the National City Bank, Bankers' Trust Co., Chase National Bank, Guaranty Trust Co., and J. P. Morgan & Co., New York; the Associated Supply Co., San Francisco; A. M. Lockett & Co., New Orleans; Beaumont Iron Works, Texas;



Security Trust & Savings Bank, First National Bank, Merchants' National Bank, Farmers & Mechanics' National Bank, Los Angeles; and other prominent institutions throughout the United States.

The CHAIRMAN. I have here a copy of the New-York Times, dated September 16; that is to-day, I presume. I call your attention to an article marked in blue pencil there. Have you seen that article?

Mr. BOYNTON. I think I have seen the original article, because it is a request that I made of the Associated Press that they rectify the mistake they made when they carried the Inman letter as a report from the board of foreign missions of the Presbyterian Church.

I received a letter from Rev. Robert E. Speer in which he refuted it, and it was only just and fair that the Associated Press should rectify the mistake, and I presume that is the result of that request.

The CHAIRMAN. Did you have this publication made in the Times?

Mr. BOYNTON. No, sir; I did not.

The CHAIRMAN. You did not secure its publication?

Mr. BOYNTON. No, sir.

The CHAIRMAN. Read that for the record also, so as to identify the article.

Mr. BOYNTON. "Repudiate Mexican report. Presbyterians deny responsibility for Inman statement. The board of foreign missions of the Presbyterian Church, through Dr. Robert E. Speer, its secretary, repudiated yesterday a report made recently by the Rev. Samuel G. Inman in which he declared that 'intervention in Mexico is coming just as fast as certain interests can possibly force it.'

"The report by Mr. Inman was sent out over the name of J. B. Wootan, director of publicity for the Presbyterian Church, with the announcement that it was made public through the Presbyterian Board of Foreign Missions. Dr. Speer asserted that the report was not made to or issued by the board of missions or the committee on cooperation in Latin America."

The CHAIRMAN. Are you placing on file with the Department of State or any officials of that department all the literature which you are sending out?

Mr. BOYNTON. I do not think all of the literature is going to them; no. Our bulletins to them and certain special articles, but not everything for publicity.

The CHAIRMAN. What are the last two numbers of your bulletin—what dates?

Mr. BOYNTON. The 5th of August and September 1.

The CHAIRMAN. Nos. 3 and 4?

Mr. BOYNTON. Nos. 3 and 4; yes, sir.

The CHAIRMAN. I have those numbers here handed in by some one. Did you file them with the secretary?

Mr. BOYNTON. Yes, sir; when Mr. de Bekker called for them and when you asked me for them, I did not have them at the moment; but I sent for them and filed them with the committee at that time.

The CHAIRMAN. You had them sent to the committee?

Mr. BOYNTON. Yes.

The CHAIRMAN. Then those are the two numbers concerning which Mr. de Bekker testified?

Mr. BOYNTON. Yes, sir.

The CHAIRMAN. They will be marked and filed in the record, not to be printed until further instructions. They will be marked and filed with the secretary.

(Bulletin No. 3, dated Aug. 5, 1919, was marked "Boynton Exhibit No. 5." Bulletin No. 4, dated Sept. 1, 1919, was marked "Boynton Exhibit No. 6," and both filed with the committee.)

The CHAIRMAN. If there is any further statement you desire to make, Mr. Boynton, you will be heard; if not, I have no further questions to ask you.

Mr. BOYNTON. I would like, in view of the fact that you have brought up this question of the Inman letter going out as a report from the board of foreign missions of the Presbyterian Church—I would just like to read the letter from Dr. Speer in which he refutes it and my reply to it.

The CHAIRMAN. All right; you may do so.

Mr. BOYNTON. Dr. Speer's letter is dated New York, September 6, 1919, addressed to Mr. C. H. Boynton, National Association for the Protection of American Rights in Mexico, 347 Fifth Avenue, New York City. The letter is as follows:

MY DEAR SIR: On returning to New York this week I find your letter of August 9 with similar letters from Mr. Chester O. Swain, vice president of the Association of American Producers of Oil in Mexico, and from Miss Agnes C. Laut, who writes that at the request of your association she had made an investigation of conditions in Mexico. I had not seen a copy of the statement to which your letter referred until I secured one yesterday from Mr. Inman, who gave me also a copy of a letter of his with regard to this statement which he had written to Mr. Ira Jewell Williams, and which I inclose herewith. Mr. Inman's letter explains the character of his statement, which was not a report made to or issued by the Presbyterian Board of Foreign Missions or the committee on cooperation in Latin America, which is a committee made up of representatives of the American and Canadian mission boards, which are carrying on work in Latin America. Neither the Presbyterian board nor this committee has taken any action or made any statement with regard to political conditions in Mexico. The mission boards, are, of course, interested in the welfare of Mexico, and in the establishment and maintenance of just relations between Mexico and other nations, and are anxious to know all the facts regarding the situation which bear in any way upon their responsibility. The Presbyterian board has carried on work in Mexico since 1872 and has now a number of missionaries residing in different parts of the country.

There will be a meeting of the executive committee of the committee on cooperation in Latin America at the close of this month, and very probably questions will be asked then with regard to Mr. Inman's statement and the counterstatements of the Association of American Producers of Oil in Mexico and of the National Association for the Protection of American Rights in Mexico. I should be very glad, indeed, to have any printed information or published statements of the two associations, and should be glad also to know whether in reply to any inquiries that might be made it would be correct to say—

1. That the Association of American Producers of Oil in Mexico and the National Association for the Protection of American Rights in Mexico are not carrying on any propaganda favorable to intervention by the United States in Mexico; and,

2. That these associations are opposed to military intervention by the United States and believe that the influence and help of the United States, so greatly needed in Mexico, should be extended in pacific ways.

Very truly, yours,

(Signed) ROBERT E. SPEER.

My reply is dated September 15 and is as follows:

Rev. ROBERT E. SPEER,

*Secretary Board of Foreign Missions,  
Presbyterian Church of the U. S. A.,  
156 Fifth Avenue, New York, N. Y.*

DEAR SIR: My presence in Washington is responsible for this late acknowledgment of and reply to your kind letter of September 6, giving me the information which I requested.

Since writing you I have learned that the Inman letter went to the press with the following notation: "Released for publication Thursday, August 7, by J. B. Wootan, director of publicity for the Presbyterian Church in the United States of America, 156 Fifth Avenue, New York City." The first two paragraphs of this announcement released by Mr. Wootan, director of publicity for the Presbyterian Church, stated explicitly that the Inman statement was a report made public by the board of foreign missions of the Presbyterian Church. I quote from the official typewritten announcement sent to the press and signed as noted above—

In copying this there has been a line left out, apparently.

"NEW YORK, August 7.

"The board of foreign missions of the Presbyterian Church headquarters, 156 Fifth Avenue, a report on the Mexican situation in which it is charged that the oil interests \* \* \*

"The report is transmitted through the Presbyterian Board of Foreign Missions by Samuel G. Inman, executive secretary. \* \* \*

"Mr. Inman's statement comes close upon an address made by Dr. Robert E. Speer, one of the secretaries of the Presbyterian board, before a conference of the Presbyterian new era movement, in which he said that certain influences were attempting to force intervention, and that if Carranza were left alone the Mexican situation would be adjusted satisfactorily."

If the above announcement correctly quotes you, I ask the courtesy of a definite reply as to whom you mean by "certain influences" which are attempting to force intervention and what evidence or basis you have for such a statement. If it is influenced by a supposed announcement that the President had taken notice of propaganda which had become "brazen" and intended to use legal means if necessary to stop it, I trust that you will take into consideration the fact that this refers to a statement given out from the White House at the time of the Pershing expedition and had to do entirely with border troubles, as the statement signed by the President himself clearly points out it has nothing whatever to do with the present, and I am certain that this association has had no intimation from any official Government source that any action it has taken was prejudicial to our national welfare or objectionable to the administration.

In your letter you write that you would be glad to know "whether, in reply to any inquires that might be made, it would be correct to say:

"1. That the Association of American Producers of Oil in Mexico and the National Association for the Protection of American Rights in Mexico are not carrying on any propaganda favorable to intervention by the United States in Mexico; and,

"2. That these associations are opposed to military intervention by the United States and believe that the influence and help of the United States, so greatly needed in Mexico, should be extended in pacific ways."

First, let me assert that I have no knowledge of the officers' membership or activities of the Association of American Producers of Oil in Mexico. It has no interrelationship with the Association for the Protection of American Rights in Mexico, though some individuals are members of both organizations. I am, therefore, in no position whatever to speak for that association, but let me say I have no knowledge nor evidence of any propaganda on their part for intervention.

As to the attitude of the National Association for the Protection of American Rights in Mexico, I beg to say that this association has steadfastly avoided any action which urged or advocated intervention in Mexico and it has studiously declined to offer any suggestion as to a policy by which the rights of Americans in Mexico should be protected. Its sole aim and purpose has been to present substantiated facts as to conditions in that country as it finds them to the United States Government and its public. It does not believe that armed intervention is either necessary or advisable for any cause that now exists. Its object is urgently to insist that the persons and lives of American women and men in Mexico, whether residents or transients, shall be safeguarded and that legally and honestly acquired property and other rights shall be protected.

I inclose herewith a copy of the policy of this association which was filed with the State Department on June 23, 1919.

There has been no concealment about the work of this organization and I am ready to exhibit a full file of our publicity work, which you will find surprisingly small.

Thanking you, I am,  
Yours, very truly,

C. H. BOYNTON.

On the subject of intervention I might add, and relate, another incident to show how quickly we caught up with a charge of that sort and what occurred at that time.

On the 26th of July I received a copy of a paper called *La Republica* of El Paso, dated July 12, in which certain charges were made against our representative, Mr. Quail. I sent Mr. Quail this telegram:

*La Republica* of El Paso in its issue of July 12 states that before the chamber of commerce the previous night you "endeavored to demonstrate the necessity of immediate intervention"; also that "Quail wished to make clear his program as that of all sensible interventionists"; that you attacked President Wilson by name and that you assured the audience of "obtaining from the White House the immediate and energetic action which they have requested." Wire me at 322 Kellogg Building, Washington, your statement of these quotations. It is incomprehensible and I am not ready to believe that you made any such statements, especially after your specific instructions that the policy of the association distinctly precludes personal attacks on anyone or taking a position in partisan politics. Also you know full well that the association has never presumed to indicate the means by which the United States shall make life and property secure, that being a function of the Government.

C. H. BOYNTON.

On the 28th, Mr. Quail having been absent from El Paso, I received this reply from Houston, where he evidently received my dispatch:

*La Republica* article absolutely false and deliberately written for purpose for which it is being used. Have had all El Paso Mexican papers mailed to you daily so you could see their purpose. *La Republica* had no one at meeting, but took story in Times, which see as basis for its fake. I clearly and distinctly stated that association simply demanded protection, leaving the means of obtaining it to administration and Congress. I'm a Wilsonite. It is part of Mexican program and propaganda to misrepresent in this way.

JOSEPH N. QUAIL.

I replied on the same date to Joseph N. Quail, at Houston, Tex.:

Was confident your reply would be just as that received this morning, but wished to have full statement without influence from me. Be assured we have every confidence in your judgment, and only brought this to your attention because it was being used as evidence of our being interventionists and anti-Wilson, both of which you know to be untrue.

C. H. BOYNTON.

Might I add, Mr. Chairman, that the first evidence I had that this association was charged with being a movement to bring on a war with Mexico came from those who were affiliated with the Mexican Government?

The CHAIRMAN. One moment, before you pass from this question of the El Paso paper *La Republica*. Do you know what action, if any, has been taken by this Government through any of its departments with reference to the newspaper *La Republica* or its editors?

Mr. BOYNTON. Why, I had in there, but I did not think it was germane to what I was saying, this dispatch:

*La Republica* compelled to suspend recently for refusing to supply Government with translations of articles now being published; under bond, Gunter Hotel. Called to San Antonio to arrange meeting; will return here late in week.

JOSEPH N. QUAIL.

I also might add that I called the attention of the Department of Justice to other articles in that paper and asked them to scrutinize their publication from a standpoint of—

The CHAIRMAN. I have no knowledge of your telegrams, of course, but I keep in fairly close touch with newspapers on the border, and do know through the press that the editors, at least one of them, and I think two, of the *La Republica* are under bond for failing to comply with the United States law with reference to filing articles printed in a foreign language in papers here.

Mr. BOYNTON. I do not have to say, Mr. Chairman, that this cry of intervention has been a political issue in Mexico for a good many years. It is termed there "*La Fantasma*," and every time a situation arises in its foreign relations it generally throws out this plea that someone is trying to bring about intervention, and in this case I think it is because Mexico realizes that the day of justice is at hand, that they have again thrown out this claim. It is evident that the charge is coming directly from their own propagandists, Mr. Weeks and his distributive machine.

I think there is one other letter that I have that may have a bearing on that subject, because I feel that those charges are so dastardly that nothing should be left undone that can properly be done to refute them.

On August 21, as the result of reading an article in the *Christian Science Monitor*, I wrote this letter:

AUGUST 21, 1919.

THE CHRISTIAN SCIENCE MONITOR,

*Boston, Mass.*

GENTLEMEN: I have just finished reading the article in the *Monitor* of August 19 from San Francisco headed "Intervention by United States in Mexico Opposed," and being a quotation from an interview with John R. Phillips

I am writing you not for publication, but from a standpoint of curiosity which perhaps you would be good enough to satisfy. I am wondering why it is that when anything is well organized and substantial and its reputation is dependent upon the truth and accuracy of its statements, that charges of "falsification" and "distortion" are always willingly and readily accepted by the press without even giving the one charged an opportunity to prove his case before publication occurs.

This organization filed an official statement of its policy with the State Department early in June to show it was not advocating intervention in Mexico and did not presume to indicate to the Government how the protection of the lives and property of its citizens should be secured.

You will render me the greatest possible service if you will forward me information of a single verbal or written utterance by any authorized employee of this association which urged intervention. The truth is that the cry is being dragged across the trail by Mexicans in order to arouse opposition to justice. You printed without question the charge "The ostensible purpose behind the movement is to protect American lives in Mexico—the real motive is to open a way to gain control of the vast economic resources of that country." I deny that statement flatly and unequivocally and think that we have a right to call upon you for some evidence, no matter how flimsy, upon which you can base such a slanderous charge.

I am wondering after all whether Mr. Phillips does really refer to this association, because he continues, "It is now operating openly through many columns of space daily in the American press." This organization has been in existence just nine months and during that time it has issued altogether 17 items of news, and since the 15th day of July not one word has gone forth from this association to the press. Of these 17 items, 5 were spontaneous, original news items, the knowledge of which we happened to obtain first and gave them publicly—they were all corroborated by official announcements later; 3 were items issued to New York papers only, being a response to publication in one or

more of them containing misstatements; 3 of them were translations from Mexican papers; and the remainder greater details of some news event that had not been fully covered.

This excludes the copies of our semimonthly bulletin of which only three copies have been published. As to the industrial conditions in Mexico, the daily news dispatches give the best index to conditions in that country.

I ask in a sense of fairness and justice is it proper for the *Christian Science Monitor*, carrying the weight it does in public minds for accuracy and rightness, to publish such unfounded statements without any effort at verification.

Yours, vedy truly,

The CHAIRMAN. Did you receive an answer?

Mr. BOYNTON. My letter was written on the 21st of August, and the answer is dated September 5:

DEAR SIR: We have yours of August 21, criticizing the interview which we printed from John R. Phillips on "Intervention by United States in Mexico opposed." We are glad to have your letter giving information as to what your association has been doing with respect to the Mexican problem, and note that there is considerable difference between your statements as to your association and the statements by Mr. Phillips.

Relative to the propaganda to which he refers, we notice he does not mention the American Rights in Mexico Association, and personally, do not know whether or not he intended to have his statement applied to that association. I can assure you, however, that our purpose in printing the interview was not to make charges or to further any particular propaganda, but merely to aid in getting before our readers a better understanding of the facts with respect to the Mexican situation.

In view of your letter, we shall undertake to get some explanatory statements from Mr. Phillips with the hope of correcting any misunderstanding that may be possible in connection with the interview.

I replied to that, but I do not think it is material, Mr. Chairman.

I would just like to refer to one other pamphlet, and then I have finished, except for any questions that might be desired to ask.

There is no denying the fact that there has been a most intense Mexican propaganda in this country for several years. When the condition of public mind became so inflamed at the time of the Villa raid on Columbus, followed by the Pershing expedition, the President issued a statement that the papers should not make display of matter which would create ill feeling and bring on a more irritable condition between the two countries.

In May, 1918, there was a note—a confidential note—to editors of the entire American press, calling attention to the fact that there had been some violations of that request; that it was renewed and that news of Mexico of a character that might be inflammatory should not be printed.

The result has been that until the armistice was signed the American press has been under restriction as to the truth of the happenings in Mexico, but during all that period there has been a most intense Mexican propaganda.

That now American citizens interested in the affairs of that nation should come forward and oppose and set straight the misrepresentations which have been going on for some years, I think it is not only a matter of justice, but a matter of duty, and so far the character of that matter has been honest and straightforward, and, I believe, reliable and dependable. I would like to have anybody bring forth anything that is not of that character.

The Mexican papers—in Monterey there was printed on the 21st of February, in a paper called "*El Pervenir*," after pointing out

the dangers Mexico was confronted with in her foreign relations, the following:

Our chancellery should know all the details of this serious question, should weigh all opinions, and direct an active press campaign in the United States, this latter being of the most importance. Not 1,000 or 100,000 but 1,000,000 pesos, if necessary, should be expended to buy American newspapers (there are some which will not refuse the proposition) to defend us, and to pay writers of some prestige for interpreting the arguments furnished them by our own chancellery. It is necessary to predispose in our favor a large part of the public opinion in the United States, taking advantage for this purpose of the political dissensions existing between Democrats and Republicans.

It is also very important for us to do something practical in Central and South America. To this end very explicit instructions should be given at once to our representatives in those countries where public opinion is well disposed toward us. If we succeed in awaking popular sympathy in favor of our cause we will not lack moral strength—besides what we may have in our own hearts—for facing the days of trial which are approaching.

And the *El Heraldo*, which is a prominent paper in the City of Mexico, printed this:

EXCERPT FROM AN EDITORIAL IN *EL HERALDO DE MEXICO*, PRINTED IN MEXICO CITY, WEDNESDAY, AUGUST 6, UNDER THE CAPTION "WRITE AT ONCE TO YOUR HOME NEWSPAPER."

What is the best way in which an American in Mexico, feeling all these things, can best help avert intervention? A most immediate and effective way would be to secure all the publicity possible as an offset to the wild and whirling words of the other side. Let every fair-minded American here write to his Congressman and home town newspaper in the States, setting forth the facts as he knows them, and pouring all his faith and feeling into the message. Write every day; write to newspapers other than your own; write to any other men of influence you know. Write President Wilson. Write the magazines. Your words will have tenfold the effect of others from agitators living in the States, for you are on the ground and will be presumed to really know the facts.

Write to-day. Begin now on your sacred duty. The world is sick of war and every word of yours may save a young life from the terrible hectacomb under which the earth already groans.

The CHAIRMAN. Is that a translation?

Mr. BOYNTON. That is a translation and there have been other statements of that sort in the Mexican papers. I have not them with me.

I do not know anything further, Mr. Chairman.

The CHAIRMAN. I believe there are no further questions at this time.

Mr. BOYNTON. There is no question as to Mexican propaganda going on. You can see it in the advertisements in the *New York Sun*, you can see it in the *Mexican Review*, you can see it in the news issuing from the Mexican Embassy and consulates, you can see it from the Mexican official bureau in New York, you can see it in testimony which you have had before this committee in the last few days.

If it is improper for an American citizen to meet an attack of that sort, well, then, I do not know what the rights of an American citizen are.

#### TESTIMONY OF MR. GEORGE L. EDMUNDS.

(The witness was duly sworn by the chairman.)

The CHAIRMAN. You may give your name in full.

Mr. EDMUNDS. George L. Edmunds.

The CHAIRMAN. Where do you live?

Mr. EDMUNDS. Washington.

The CHAIRMAN. What is your business?

Mr. EDMUNDS. I am one of the correspondents of the New York Sun.

The CHAIRMAN. Do you know *La Revista Mexicana*?

Mr. EDMUNDS. I founded it.

The CHAIRMAN. Where was it founded?

Mr. EDMUNDS. In Washington.

The CHAIRMAN. What was the purpose of founding that paper,

Mr. EDMUNDS. It was a propaganda magazine published by George F. Weeks and myself, and paid for by the department of foreign relations in Mexico, through the Mexican Embassy in Washington.

The CHAIRMAN. George F. Weeks is now the editor of it, is he?

Mr. EDMUNDS. I presume he is. I am not familiar with the Mexican edition. The publication of the American edition has stopped. In point of fact, there never were two simultaneous editions. There was the Washington edition, and when it ended there was a hiatus, and subsequent to that this publication, of which I saw the first copy about a fortnight ago, was begun in Mexico City. It possibly began earlier than that, but I first saw it about two weeks ago.

The CHAIRMAN. Were you in the pay of the Mexican Embassy at that time?

Mr. EDMUNDS. Yes, sir.

The CHAIRMAN. Are you now in the pay of that embassy?

Mr. EDMUNDS. No, sir.

The CHAIRMAN. Do you know where Mr. Weeks is now?

Mr. EDMUNDS. I presume he is in Mexico City, from the fact that his name appears as one of the publishers of *La Revista Mexicana*.

The CHAIRMAN. Do you know whether Mr. Weeks was at any time in the pay of the Carranza Government or the Mexican Government?

Mr. EDMUNDS. I know he was in the pay of the Mexican Government from the time of my first employment by the Mexican Government, which was about the middle of June, 1915, up until the time The Mexican Review ceased publication in Washington.

The CHAIRMAN. When was that?

Mr. EDMUNDS. That was during 1918. I do not know the exact date.

The CHAIRMAN. While you were in the employ of the Mexican Government or the Carranza Government, through his representatives or otherwise, from who did you obtain information with reference to Mexican affairs?

Mr. EDMUNDS. Well, during the period of hostility between the Villista government and the Carranza Government information was cabled from Vera Cruz and other coast points to Galveston, and relayed to Washington. We received the telegrams in Spanish, and they were translated into English by Louis d'Antin of the embassy, an American citizen in the employ of the Mexican Embassy in Washington, or constitutional agency, it was called, up to the time of the recognition, and after that the embassy.

The CHAIRMAN. Did you know Louis d'Antin personally?

Mr. EDMUNDS. Very well.

The CHAIRMAN. Do you know where he is, or what has become of him?

Mr. EDMUNDS. He died in San Luis Potosi.



The CHAIRMAN. Referring to this *La Revista Mexicana*, or Mexican Review, purporting to be issued under the direction of George F. Weeks, editor, and Edmundo Melero, manager, do you know whether it is a subscription magazine in the United States?

Mr. EDMUNDS. I presume it can be subscribed for. The Mexican Review in Washington, when it started in 1916, the fall of 1916, I think the first issue was October, 1916, was a monthly magazine to which the subscription list was open, but we started out with a mailing list of between thirteen and fifteen thousand names in the United States. These were largely public libraries, college libraries, newspaper exchange lists, persons friendly to Mexico, known to be friendly to Mexico, and some selected lists of Weeks's relatives and friends. After the first publication was made and the magazine appeared on the library tables of these schools and colleges and public libraries, a small fraction of subscriptions began to come into the office. It was a dollar a year, and I presume in the three or four months I remained with the publication we took in two or three hundred dollars. The paid subscription list never had exceeded 2 per cent, or  $2\frac{1}{2}$  per cent at most, of the total issue.

The CHAIRMAN. Did you continue to send out the Review whether it was paid for or not?

Mr. EDMUNDS. Oh, we sent to that list absolutely whether it was paid for or not.

The CHAIRMAN. Who paid the expense of sending it out?

Mr. EDMUNDS. When we received the bill from the printer, Mr. Weeks and I went to Eliseo Arredondo, the Mexican ambassador, and told him what the expense was, and the total income received, and he paid the difference, which was usually about 98 $\frac{1}{2}$  or 99 per cent.

The CHAIRMAN. Have you seen or heard from Mr. Weeks recently?

Mr. EDMUNDS. No, sir; I have not heard from him for a year, not since he left Washington.

The CHAIRMAN. You have yourself read the Mexican Review, or *La Revista Mexicana*, which is now being published under Mr. Weeks's direction, have you?

Mr. EDMUNDS. I have glanced through it.

The CHAIRMAN. You have seen copies of it recently?

Mr. EDMUNDS. Yes, sir. Quite a number of them come to the Press Club, addressed to individuals, and, of course, there is the club library copy.

The CHAIRMAN. Why did you leave the service of the Mexican embassy?

Mr. EDMUNDS. I interviewed Luis Cabrera and published the interview, and Mr. Cabrera decided we had best sever our relations.

The CHAIRMAN. From what you know of the Review, which you assisted in forming, if the Mr. Weeks who now edits it is the same Mr. Weeks who was associated with you here in forming it, would you say that Mr. Weeks is still representing the Carranza government?

Mr. EDMUNDS. I don't think the slightest change has taken place in his relations with the foreign office. There is no evidence in the Review that any change of relationship has taken place.

The CHAIRMAN. Mr. Weeks did not sever his connection with the Mexican foreign office at the time you did?

Mr. EDMUNDS. No.

The CHAIRMAN. He still retained his connection?

Mr. EDMUNDS. He remained with them continuously up to the time the Mexican Review ceased publication, and whether there has been any interruption in his connection up to the present time or not I do not know. Of course, his employment by them antedated the publication of the Mexican Review by many months.

The CHAIRMAN. Of course, you would not personally know as to the accuracy of news items which he might transmit, or of information which he might send from Mexico to Mr. de Bekker or anyone in the United States?

Mr. EDMUNDS. No, sir; unless he followed the policy which he adopted or attempted to adopt on the Mexican Review as we published it. The Mexican Review was made up through Mr. Weeks receiving large numbers of Mexican newspapers, friendly to the Carranza cause for the most part. He read Spanish falteringly, and he glanced through these papers and selected those articles which he thought indicated the policy of reconstruction that was effective down there, or the policy of redrafting or liberalizing the laws that was effective, and he would go to an expert translator and have them turned into English. They were Mexican news items. The paper was made up largely of items of that kind.

The CHAIRMAN. I think of nothing further I care to ask you at this time, Mr. Edmunds.

#### TESTIMONY OF FREDERICK N. WATRISS.

(The witness was duly sworn by the chairman.)

The CHAIRMAN. State your full name.

Mr. WATRISS. Frederick N. Watriss.

The CHAIRMAN. Your residence?

Mr. WATRISS. New York.

The CHAIRMAN. Your business?

Mr. WATRISS. Lawyer.

The CHAIRMAN. Have you been connected with Mexican matters, Mexican affairs, Mexican companies in any way, professionally or otherwise, Mr. Watriss?

Mr. WATRISS. Yes, sir.

The CHAIRMAN. In what capacity, and with what companies or what individuals?

Mr. WATRISS. I am the president of the Yaqui Delta Land & Water Co., which is the owner of the capital stock of the Richardson Construction Co., a Mexican corporation, which in turn owns land in Sonora, and has a contract with the Mexican Government under the terms of which it is entitled to take water from the Yaqui River in return for certain obligations which it must perform with the Mexican Government. As the president of that corporation I am the representative of the so-called land group in the National Association for the Protection of American Rights in Mexico.

I am also the legal representative of two corporations having oil lands in Mexico, and the representative of those two corporations

in the American Petroleum Association. One of them is the Continental Mexican Co., with its subsidiaries, which is a California corporation; and the other is the International Petroleum Co., a Maine corporation. In that connection I have represented their interests in the petroleum association for nearly two years, and during the last year I have been the member of the executive committee of that association, through which the association has conducted its negotiations with the State Department. My business has been to visit the State Department probably once a week during the early part of this year, not so often recently, but to communicate in writing and by telegrams any grievances or requests that any member of the petroleum association might have to make.

The CHAIRMAN. First, I will call your attention to the fact that Mr. Boynton, director of the American Rights Association, or manager and director, just stated that he could not speak for the Association of Oil Producers in Mexico with reference to their publicity campaign, if they were running any, independently, nor as to their efforts or ideas with reference to the policies of this country in connection with Mexico. Can you speak with reference to the policy of the oil association, those things they are doing in the way of publicity, what they are doing with the State Department?

Mr. WATRISS. Yes, sir. I have not been very close to the publicity end of the petroleum association, but I can read you a letter I wrote to Mr. Polk on the subject last year, and the substance of his reply thereto. For a more detailed statement with respect to the publicity of that association, I should like you to ask Mr. Walker or Mr. Doheny. I think they are more familiar with it.

The CHAIRMAN. Have you that letter to Mr. Polk with you?

Mr. WATRISS. Yes, sir. In general, with respect to the policy of the association, it is not very different from the policy of the larger association which Mr. Boynton has already elucidated to you. Our policy has been to insist that we have titles to properties in Mexico which are entitled to protection from our Government, and we have never presumed to say to our Government or to suggest to our Government how they go about it, but we have never failed to insist that we are entitled to protection.

The first part of this letter is not germane. It is a letter from me to Mr. Polk, dated December 31, 1918, and the part I wish to read begins as follows:

Some time ago you wrote me that "The oil people are stirring things up and are going in for some publicity."

I will interrupt to say there was a statement made by, I forget whom, but the statement was that Mr. Polk had said that to Mr. Garfield, and the information was conveyed to me. That is my reason for writing this letter.

The CHAIRMAN. Mr. Garfield was director of the Fuel Administration?

Mr. WATRISS. His brother, who at that time was employed as counsel by the petroleum association. [Continuing reading:]

Some time ago you wrote me that "The oil people are stirring things up and are going in for some publicity," to which I replied that the Petroleum Association had had a publicity committee for a good many months whose function it was to protect the association against misrepresentation of the rights of

its members and of the attitude and purpose of the association, and that up to date it had done nothing inconsistent with or in excess of this function. Since then, I understand that you have asked that the association be notified that the State Department deplored the publicity with respect to the Mexican controversies for which you apparently held the association responsible, and further referred to the fact that you had written me about it. I did not mention your letter to me to the association, as I supposed my answer to it was sufficient to convince you that the association was not responsible for any publicity to which the State Department should take exception.

I am told that you regard it as the purpose of the association to use the press for the purpose of forcing some action upon your department or to "goad" you. I have no doubt that the petroleum companies would stand better before the bar of public opinion if the facts regarding the nature of their grievances and the nature of the rights upon which they stand could be properly presented to the public; nor have I any doubt that if they wanted the sympathy of the public, the story of the murders of American citizens in the oil fields, and robbery and destruction of American property, not by bandits or outlaws, would create a powerful sentiment in favor of some action by this Government, but since the above facts have not become public it is clear that you can not blame the Petroleum Association for employing publicity to further its cause. Why these facts have not been published you probably know better than I do.

I wish I could convince you that it has been our aim from the outset to work with your department and not against it, and that we have given no instructions to our representatives in Mexico that had not your previous approval whenever it has been possible to get an expression of opinion from you or your department, and that we have in every case refrained from taking any step to which you objected. The question of publicity has been often discussed, and the association has invariably refused to give out any information which might lead to criticism of the administration in its treatment of the Mexican question, or which might indicate to you a desire on our part to use the press to force the United States Government to intervene in Mexico.

We have been asked repeatedly to release facts which would make good newspaper reading, but have refrained lest we embarrass your department thereby. As I wrote you, there is a widespread misunderstanding in this country as to the nature of the rights of the American Oil and other companies in Mexico as well as of the attitude of the Mexicans toward American property, not to mention their treatment of Americans. Even amongst people who should be well informed the impression prevails that the American Oil Co. are a band of pirates who have acquired concessions in Mexico by methods more or less questionable, and that there would be no trouble if the Americans would recognize their obligations to Mexico, and that in general the oil companies are trying to force the United States into war with Mexico to relieve them from the imposition of taxes which they find burdensome.

I tried to make it clear to you that the only publicity for which the association has been responsible was necessary to controvert false statements made by the Mexican press and quoted here, with particular reference to conferences held in Mexico between our representatives and representatives of the Mexican Government, and with respect to proposed legislation by the Mexican Government and with respect to proposed legislation by the Mexican Congress. Even before authorizing this little publicity we tried to get an interview with you to arrange for such action on your part as would obviate the necessity of acting in our own defense in the only way open to us, but you were too busy.

The publicity which you deplore and for which you hold our committee responsible (I am taking all this trouble because I am a member of the committee) is in no sense a criticism of your department, and there is nothing in it from which you or the public can infer an attempt to force you to do anything you don't want to do. This publicity is not open to criticism, unless it be that you want us to be misunderstood or misrepresented, which is incredible to me and which could not help you in the solution of your embarrassing problem. I don't understand what it is you object to unless there is a situation (unknown to me) so bad that if it became public you would be forced to take some step you don't want to take, in which case you might take us into your confidence and let us work together.

However, it is apparent to me that there is a growing demand for information on the whole subject, and that in spite of our efforts not to embarrass you and your own desire to avoid publicity, the whole business will soon be aired.

Public opinion forced us to take a hand in Cuba, where much less cause for interference existed, and we went into the European war in defense of rights which were less well defined than those which are being violated by Mexico, and it seems to me that the surest way to avoid trouble in Mexico is to turn on the light, in order that when our people know the facts there will be a sentiment here which Mexico will not dare to ignore.

I have no doubt that you will agree with me that the Mexicans will go as far as they think they can, but that they will recognize their international obligations when they find that the people of this country insist upon it.

Please be assured that we are not so foolish as to think we can profit by antagonizing you, and that we will continue to cooperate with you, except to the extent that it may become necessary to defend ourselves.

Mr. Polk replied to that in general, to the effect that he hoped that our committee would not refrain from publicity or from attacks, where these attacks would be helpful, by reason of any fear that they might embarrass the department or that the department would hamper them in such publicity as they found necessary for self-protection.

The CHAIRMAN. You spoke of the Richardson Construction Co. and its holding company. What is the capitalization of the Richardson Construction Co.?

Mr. WATRISS. Well, it is nominal. It is \$100,000, I think.

The CHAIRMAN. And of the holding company?

Mr. WATRISS. Before I came into the situation there had been one or two reorganizations, but I think I have it here. Twelve million dollars authorized common stock, of which \$9,000,000 is outstanding; \$12,000,000 of bonds authorized, of which \$6,000,000 are outstanding. Those bonds are in two series. All of one series is outstanding.

The CHAIRMAN. Of what does the property of that company consist, and where is it situated?

Mr. WATRISS. It is in the Yaqui Valley, in the State of Sonora. It consists, roughly, of 750,000 acres of land, of which about 500,000 acres is irrigable, and the balance is grass lands.

The CHAIRMAN. Do you know the source of the title to that land?

Mr. WATRISS. Yes, sir.

The CHAIRMAN. And from whom the Richardson Co. secured it?

Mr. WATRISS. It was purchased from Mexican private owners. If you mean is any of it part of a concession; no.

The CHAIRMAN. It was not obtained by them directly, through a concession or otherwise, from the Mexican Government?

Mr. WATRISS. Not directly or indirectly. It was acquired by purchase.

The CHAIRMAN. From private owners?

Mr. WATRISS. Yes, sir. Well, some of it might have been bought directly from the Mexican Government years ago, but as to that I do not say I know; but if so, it is a very small amount. It was all acquired by purchase, in any event.

The CHAIRMAN. Has the company an irrigation system there? You said about 500,000 acres of the land were irrigable.

Mr. WATRISS. Yes. They have had a complete plant for the construction of an irrigation system of very large dimensions. They

have been interrupted in the completion of that plan by conditions in the valley, but what they have been able to accomplish roughly is this. I take this from a communication to the Department of State:

It has to date expended upward of \$1,250,000 in making extensive surveys and studies for the storage, diversion, and distribution of waters of the Yaqui River, and in the actual construction of its irrigation system, which to date comprises a temporary diversion dam and intake gates, 36 miles of main canal, 320 miles of laterals, 818 canal structures, 150 bridges, and 400 miles of wagon roads. It has converted from grazing to cultivable land 44,300 acres, and has subdivided and sold over 32,000 acres of its own land to about 300 actual settlers, an average of about 100 acres each.

Since entering into the contract in question—

That is the contract with the Mexican Government for water.

The CHAIRMAN. Yes. I am going to ask you about that in a moment.

Mr. WATRISS (continuing reading):

Since entering into the contract in question the company has continued, at a loss, to operate its irrigation system to the limit of capacity, and has during this period furnished water for the irrigation of 181,237 acres of land; an average of 24,165 acres per year.

It has, at an expenditure of over \$80,000, installed and maintains an agricultural experiment station, the results of which have been published in bulletins, printed in English and Spanish, and gratuitously distributed.

In addition to its investment of subscribed and borrowed capital, it has reinvested all the money received from the sale of its lands and from water delivered through its canals. It has paid no dividends on its stock and no interest on its investment.

The CHAIRMAN. The settlers to whom you refer, who are they, generally speaking?

Mr. WATRISS. Americans and Mexicans, mostly. I think there are a few of other nationalities.

The CHAIRMAN. The total number, approximately?

Mr. WATRISS. Well, at the time they discontinued subdividing and selling the land they had sold to about three hundred settlers. Those were settlers on the company's land, but there are other settlers in the valley dependent on these same waters.

The CHAIRMAN. Some of the settlers who are not upon the company's land, but are dependent upon the waters, are they Americans?

Mr. WATRISS. Yes, sir; some Americans and some Mexicans, and some other nationalities, too, but for the most part Americans and Mexicans.

The CHAIRMAN. Now, how did the company obtain its right to water for irrigating purposes, to irrigate these lands?

Mr. WATRISS. In 1883 there was a contract made between Manuel Gonzales and Carlos Conant, which resembles very much in its terms the concession now in force. But on the 21st of August, 1911, Citizen Rafael Hernandez, secretary of State and of the interior department, and Alberto Stein, as a representative of the Richardson Co., entered into a contract, which was duly approved by Congress in December, 1911. For your better information I will put the contract in evidence.

(Said contract is copied in the record in full, in "Watris Appendix B.")

The CHAIRMAN. The Yaqui River, from which this water is taken, is an interstate stream, is it not?

Mr. WATRISS. I am not sure. So far as I know, it is. I am not certain whether it divides Sonora from Chihuahua on the north or not. I have a map here which may show it.

The CHAIRMAN. The two principal tributaries are the Bavispe and the Rio Verde de Arros.

Mr. WATRISS. Yes, sir.

The CHAIRMAN. The Rio Verde de Arros runs on the Continental Divide west of the city of Chihuahua, and flows almost north and west, and joins the Bavispe and forms the Yaqui.

Mr. WATRISS. There are two other rivers mentioned in this original contract with which I am not familiar. I think, Senator, you know more about it than I do. I am speaking of the River Yaqui, the Mayo and the Fuerte.

The CHAIRMAN. Yes. Some are in Sinaloa, and some in Sonora, and the Sonora waters are formed by the addition of waters rising in Chihuahua, in the Rio Verde de Arros. So, under the Mexican law, it is a national stream.

Mr. WATRISS. Yes, sir.

The CHAIRMAN. And to obtain irrigation rights or water-power privileges upon those rivers, they being interstate streams, it is necessary to go to the National Government to secure them. If it was purely a State stream, such rights might be secured from the State government itself.

Mr. WATRISS. I have no interest in Sinaloa, but altogether on the Yaqui River in Sonora.

The CHAIRMAN. I understand that, but the waters of the Yaqui flow in an international stream. The Yaqui being a national stream and under national control, therefore, your contract is made with the department of fomento, and ratified by the Congress of the National Government.

Mr. WATRISS. Yes. Before we go further I may say also that the company had a tax contract with the State, and that contract was dated September, 1909, and was to run for 10 years beginning with the next fiscal year, and fixed for that period a rate of taxation on the company's land. I will put that in evidence, too.

[Said tax contract referred to is copied in the record in full, in "Watriss Appendix B."]

The CHAIRMAN. What amount of money did the company agree in its contract that it would devote to the development of irrigation, etc., for the use of water from the Yaqui River, in round numbers?

Mr. WATRISS. There was no sum specified for the ultimate future. There was, however, this provision:

The company binds itself to prove to the department of fomento within a period of 18 months from the date of publication of this contract that it can rely on a sum of not less than 1,000,000 pesos with which to commence the construction of the dams referred to under section 3 of article 15. Within the 18 months following it must prove that it possesses not less than 4,000,000 pesos with which to continue the irrigation work.

The CHAIRMAN. Now, in securing that contract, did the company give any security to the department or the Mexican Government for its compliance with the terms of it?

Mr. WATRISS. I don't think so.

The CHAIRMAN. All right. It will speak for itself.

Mr. WATRISS. Yes. In general it assumes a lot of obligations, but I don't recall that it made any deposit.

The CHAIRMAN. During your contract or in the first contract were you not required to put up bonds on the internal debt in compliance with the contract?

Mr. WATRISS. Oh, yes.

The CHAIRMAN. You could not get a contract from the Mexican Government otherwise. It may not show in your last contract, but it will show in the first one.

Mr. WATRISS. I presume so.

The CHAIRMAN. The Mexican Government had a double policy. It first made you give security, and required generally that the security should be on the internal bond indebtedness, so the country would have a market for their internal bonds.

Mr. WATRISS. That was a good many years before I had anything to do with the country, and I am not familiar with what those transactions were.

The CHAIRMAN. What is the status of the contract at the present time?

Mr. WATRISS. I do not know. We have not heard the worst yet. But for a period of a year they have been threatening to cancel our contract, our water contract, for certain alleged breaches on our part, as to the conditions by us to be performed, and they have been trying to get possession of the company's lands in the State by means of certain proceedings for the collection of taxes, in violation of the tax contract with us. So we are being shot at from both directions.

The CHAIRMAN. That is, the State of Sonora is seeking to take possession of the lands, because of what they claim to be violations of the tax provision?

Mr. WATRISS. They don't claim there are any violations of the contract by us, but they have instituted a new system of taxation, which is a violation of the contract with us.

The CHAIRMAN. And, claiming a failure upon your part to comply with the recent tax laws, they have attempted to take possession of your lands?

Mr. WATRISS. Yes, sir.

The CHAIRMAN. Have they succeeded in taking possession?

Mr. WATRISS. Two or three years ago they succeeded in selling a small part, a very insignificant amount of land, and some of the company's personal property. A short time ago they embargoed a considerable tract of land for sale, and we protested to the State Department, and in turn the State Department made whatever representations it did to Mexico, and my last communication from the State Department was to the effect that they had heard from Mexico, that they could not do anything to interfere with the operation of the State laws, or words to that effect. Nevertheless, so far as I have been informed, they have not actually taken possession of those lands. They offered them for sale, and they were advertised. I understand that on the original return day of the advertisement no bidders appeared. What they did after that we have not heard. That has all been within the month.

The CHAIRMAN. Have you had your attention called to the recent law of the State of Sonora?

Mr. WATRISS. The agrarian law?



The CHAIRMAN. The agrarian law, by which that State proposes to divide up the lands and sell them out?

Mr. WATRISS. Yes. I know of it superficially. I have not studied it.

The CHAIRMAN. With reference to the action of the State Government of Sonora, in attempting to take over your lands, you say you have made a statement to the State Department here?

Mr. WATRISS. Yes, sir.

The CHAIRMAN. And they have in turn made representations to the Mexican National Government?

Mr. WATRISS. Yes, sir. Those attempts have been running over a period of three or four years. Sometimes it has been quiet, and then again they have stirred it up. Each time, of course, we have gone to the State Department, and at the beginning every time the State Department made representations to Mexico we got relief, but latterly it has been getting more difficult.

The CHAIRMAN. The National Government of Mexico replied that they could not interfere with the State government?

Mr. WATRISS. Yes, sir; in effect that was their reply.

The CHAIRMAN. Do you know what answers have been returned, if any, to any representations which may have been made with reference to those agrarian laws?

Mr. WATRISS. No, sir; I do not.

The CHAIRMAN. Now, what is the condition, if any, with reference to the irrigation proposition itself, that being a national matter?

Mr. WATRISS. On December 21, 1918, the bureau of waters sent a communication to the company's representative, in which they say:

Referring to the contract entered into between this department and said company August 18, 1911, for the use of the waters of the Yaqui River to the maximum amount of 3,942,000,000 cubic meters per annum for the irrigation of its lands, I hereby affirm that the company you represent, not having complied with the obligations imposed upon it by articles 4, 5, 9, 15, 18, 19, and 21 of the aforesaid concession, said concession to be declared forfeited, as provided in article 27 thereof; and in order that the said company may submit its defense, and in pursuance of the article last above cited, it is hereby granted the period of two months, not subject to extension, for this purpose, with the understanding that in the event that no such defense is submitted, this department shall definitely decree the forfeiture of such concession. The foregoing is transmitted to you for your information and action.

The communication then refers to the six causes of forfeiture alleged and classified in accordance with the various articles. I have in my hand, which I propose to submit in evidence, a copy of the defenses which the company filed, both in Spanish and English, a copy of which was also filed with our State Department, with communications showing all the circumstances surrounding the transaction. It would be a waste of time to read this defense here, but in general I will say this: That there is a complete answer to each one of the breaches alleged on the part of the company. I would like to submit this particular portion to the committee at this time:

In the early part of 1912 conditions in the district in which the works of the company are situated assumed such a grave character of insecurity that it was impossible for the company to continue the construction of the projected works.

That is what I referred to in the early part of my testimony, that they had plans, but conditions in the valley interfered with their execution. [Continuing reading:]

Exercising the rights conferred by article 16, in May, 1912, the company applied for the suspension of the periods set forth in its concession and filed evidence in support thereof. In the judgment of the department of fomento the evidence submitted was convincing and on August 9 of the said year of 1912 said department addressed to the company communication No. 1030, the relevant part thereof being as follows:

"Referring to the applications presented to this department by you as attorney in fact of the Richardson Construction Co. (Inc.), concessionaire for the use of waters of the Yaqui River in the State of Sonora for the purposes of irrigation, requesting, in view of the conditions existing in that district, that the periods stipulated in article 15 of the contract of August 18, 1911, be suspended, I hereby state that in view of the reports in possession of this department, it accedes to your application and therefore the periods mentioned in article 15 of said concession are suspended until tranquility is restored to the State of Sonora and normal conditions again prevail in the region of the Yaqui Valley, which I transmit to you for your consideration and action."

Now, in answer to each one of the alleged breaches on the part of the company, specific defenses are set up, but in general we rely upon this suspension of our obligations under the contract, which has never been terminated up to the time they served this notice on us. And, as evidencing that tranquility in the State of Sonora has not been restored and that normal conditions do not yet prevail in the region of the Yaqui Valley I want to read you a letter. This is a letter from Gen. Calles, governor of the State of Sonora, and his message to the state legislature, on September 16, 1918, in which he says:

The campaign against the rebellious Yaqui Indians has continued to be prosecuted by the military forces with the assistance of the inhabitants of the threatened districts, by whom the evil is being slowly extirpated. Some of the mayors of towns have addressed communications to the executive, asking for arms and ammunition with which to fight the rebellious Yaquis, all of which petitions are transmitted in due course to the general staff, which has promptly carried out the suggestions made in connection therewith.

The rebellion of the Yaquis, which is a fatal obstacle to the advancement of the State, has been and will be difficult to extinguish, due to the tactics they employ in committing their depredations, which consist in evading contact with the pursuing troops and of attacking defenseless places; but in spite of all this it can be affirmed that the situation is improving, due to the efforts of the soldiers and civilians, and the day is not far distant in which we may find ourselves free from what now constitutes the principal obstacle to the development and growth of the most important agricultural region of Sonora.

There is not only a defense to all the cases of forfeiture alleged in the communication, but there is a specific defense in each one; besides establishing, in my judgment, a complete defense, it goes further and shows that we have done more in each case than the concession called on us to do.

The CHAIRMAN. In connection with that, have you any information as to whether actually the Yaqui Indians themselves are solely responsible for this terrible condition of affairs there?

Mr. WATRISS. My information on that point is, of course, hearsay. Our manager, Mr. Sibley, who spends his time partly in the valley and partly in Sonora, is more familiar with that, and I would like to have your permission to bring him before you, either here or when you are in Texas. He can give you full information of the details.

The CHAIRMAN. From the details within my own knowledge, I am frank to say I think the Yaqui Indians are the most abused people in the world, probably.

Mr. WATRISS. In our experience—and I say that again from hearsay—they are the only good people with whom we have had to do, but they are savages, and they think they have been robbed and they are taking it out on us. They think that it belongs to them. I don't know the history of that.

The CHAIRMAN. I notice in article 28 of your contract or concession a statement as to the securities which you are to put up. It is exactly as I thought it would be. In the original contract of 1909 there was placed in security for the performance of that contract the sum of \$10,000 in internal bonds, internal debts, and that \$10,000 is accepted as a security in this new contract, and remains on deposit in Mexico. So that if your contract were forfeited, your concessions were forfeited, you would also forfeit the bond?

Mr. WATRISS. Yes, sir.

The CHAIRMAN. I notice in article 16 also of your concession there is the usual clause that is in all these contracts against forfeiture for caso fortuito, unforeseen accident, or o de fuerza mayor, or some reason beyond your control?

Mr. WATRISS. Yes, sir.

The CHAIRMAN. That is the usual form in all those contracts?

Mr. WATRISS. In this defense which was transmitted to the State Department, there was also a communication, a copy of which I will submit in evidence, but a part of which is as follows:

A careful and unbiased scrutiny of the company's history leads to the inevitable conclusion that no grounds either substantial or technical, legal or equitable, justify a cancellation of its contract, but it is commonly known through the north that the governor of that State, Gen. P. Elias Calles (whose attempts to divest all property from foreigners in Sonora through drastic tax decrees, are already familiar to your department), is bitterly opposed to the compania constructora Richardson, and we have evidence that the Mexican Government was moved to this procedure of cancellation by certain recommendations of Gov. Calles, which being quite consistent with the national policy of confiscation was promptly approved and acted upon. I am informed upon reliable authority from Mexico City that the case is already predetermined, and unless there is prompt and vigorous diplomatic interference by the United States, the Federal Government of Mexico will disregard any defense of the company, and will cancel the contract on or very soon after February 20, 1919, when the proceeding is returnable.

He did not do it on that date, but I was told subsequently the concession had been canceled, though they do not appear to have taken any steps to reduce the property to their physical possession. Just what the situation is I do not know, except that ostensibly we are out of it.

The CHAIRMAN. At any rate, due to the Yaquis or some one else, you are not in possession and can not continue at work?

Mr. WATRISS. We are in possession, but it is a precarious tenure. We have people there, who are doing all the work they can, keeping the canals open, cleaning them and repairing them, but they are not doing very much irrigating. They are doing as much irrigating as they can, but we have never been able to get labor to go into the valley to do the work in any considerable quantity. I do not say "never," but I mean recently.

The CHAIRMAN. Have you had any knowledge of any communication from the oil companies to the State Department with reference to the payment of sums demanded by others than the Carranza Government? Do you know anything about payments to Pelaez or others by the oil companies?

Mr. WATRISS. No; I do not know, except from hearsay. I know that such payments have been made.

The CHAIRMAN. Is there any other statement you care to make now?

Mr. WATRISS. I don't know that it is evidentiary, but in general I should like to say that wherever we have had occasion to go to the State Department with a complaint or grievance or suggestion, we found them very receptive; that Mr. Polk told a delegation of our men, when they came up there some time ago, that he recognized that our claims were just, and that the State Department could be relied on by us to go as far as it could in the way of diplomatic intervention, but from that point on he said the matter was up to Congress. I say also that Mr. Fletcher has been very accommodating, and that but for his, as I believe it to be, understanding of the mental psychology and his sympathetic understanding of our difficulties, I think we should have found ourselves in a very serious plight long before this. The impression I get is that both those gentlemen and others with whom we have had to do would be very glad to go further if they were allowed to.

The CHAIRMAN. Allowed to by Congress, do you mean?

Mr. WATRISS. I do not know. I have the feeling from talking with them that there is a restriction somewhere; I do not know where it is.

The CHAIRMAN. You said, as I understood you, that Mr. Polk's statement was that the State Department would go just as far as it could diplomatically in protecting your interests, but from that point on; that is, apparently from the ending of the diplomatic attempt, if not successful, then the matter was up to Congress. Did you gather from him what he meant by being up to Congress?

Mr. WATRISS. It followed a discussion of what methods were open to the United States Government to protect what we believed to be our rights in Mexico. In the course of that discussion Mr. Polk asked these gentlemen if they were afraid of intervention.

The CHAIRMAN. Armed intervention?

Mr. WATRISS. Armed intervention.

The CHAIRMAN. Asked the oil men if they were afraid of armed intervention?

Mr. WATRISS. Yes, sir. They replied that they were not. There was some more discussion along that same line, and the end of it was the statement I have just quoted from Mr. Polk.

The CHAIRMAN. That when he was not able to secure your protection through diplomatic representations, then the matter would be up to Congress?

Mr. WATRISS. Yes, sir.

The CHAIRMAN. I am a little puzzled to know just what was in Mr. Polk's mind with reference to its being up to Congress. However, Congress has displayed its willingness, at least, to assume a part of the burden by the appointment of this committee for the investigation of Mexican affairs.

Mr. WATRISS. Yes, sir. Are there any communications that passed from the Petroleum Association to the State Department of which you would like to have copies, or are you going to ask the State Department to produce their files?

The CHAIRMAN. I have some time since written the State Department and requested the department to furnish this committee with copies of protests, if any, made by the department to the Mexican Government, or any officials of the Mexican Government, or of any State, with reference to oil matters or any other matters of interest to American citizens, and also copies of any replies received to such representations or protests from the Mexican Government, or from any State government, or from any official. So far we have not been furnished with any such information.

Mr. WATRISS. I think it would be interesting if the committee could also get from the State Department, or from some other department that was in office last year during the war, the communications that passed between that association and its committees and the fuel administrator and the State Department, and so on. They would have considerable bearing. I think, on this petroleum situation in Mexico.

The CHAIRMAN. The committee has a method of securing such information, and if it can not secure it—it has no reason to doubt it will not be furnished it by the State Department—but in the event the State Department can not get it, or will not get it, then the committee will pursue other methods of securing such information. The State Department, I may say without violating any confidence, has answered in regard to certain other matters, with reference to claims filed by American citizens, and seems to be doubtful of the propriety of furnishing this committee with the facts upon the subject, for the reason that some of the parties interested themselves in filing claims might not desire publication, or some of them may be in Mexico, some of them might be influenced for financial reasons, might not want public disclosures of their losses, it might affect their credit, and various reasons of that kind. However, they have not refused to give the information to the committee, but have suggested these objections to the committee.

Of course, some of these objections might be tenable, if the committee were compelled to publish them in the record and could not receive in executive session such information as might be imparted to it, which for some sufficient reason was desired not to be given publicity. Of course, we are representing the Foreign Relations Committee of the United States Senate, which holds executive sessions, and the committee has a good deal of information imparted to it, the subcommittee, and the Foreign Relations Committee, in executive session, which never receives publicity. I have no doubt that the department and this committee will be in cooperation.

Mr. WATRISS. The reason for my suggestion was I thought if your committee was not already in possession of the information, and you may well be, that that series of communications would go very far toward illustrating to you the methods that the Mexican Government has pursued in their endeavor to get in possession of the oil content of these lands that was going on last summer when there was rather a critical situation abroad.

The CHAIRMAN. As I have indicated, the committee has not, of course, received such communications as have passed backward and forward, but no doubt the committee will receive the communications from the department. If it can not get the information from that source, it will then pursue other channels.

Mr. WATRISS. And to get back to the difficulties of the Richardson Construction Co., some time before you conclude I would like to produce Mr. Sibley before the committee and have him tell you first hand his dealings in Mexican affairs, and also such statements as you would care to receive with regard to the operation of the companies.

The CHAIRMAN. The committee will be very glad to avail itself of the opportunity to hear from Mr. Sibley. Possibly it may be more convenient to take it when the committee reaches the border in the course of its investigation. It will conduct investigations along the border, possibly at Nogales and Naco, and other points along the border.

Mr. WATRISS. Of course; Mr. Sibley's home is in California.

The CHAIRMAN. The committee purposes going to California also.

Mr. WATRISS. He is engaged in rather important business out there just now, but of course I could bring him here.

The CHAIRMAN. I spoke of Nogales and Naco particularly particularly because the settlers on these lands which you have been seeking to develop come out through those points.

Mr. WATRISS. Yes, sir.

The CHAIRMAN. And the committee will undoubtedly interview many of those settlers.

Mr. WATRISS. Do you care about this original Conant contract?

The CHAIRMAN. No; I think that is not necessary. The later contract, I think, covers the situation sufficiently.

Mr. WATRISS. I would like to submit these in evidence.

The CHAIRMAN. You may submit anything you care to.

(The documents referred to by the witness are copied in the record in full, and appear in "Watris, Appendix B.")

Mr. WATRISS. Would you care for this map?

The CHAIRMAN. I don't know whether your map could be reduced sufficiently for the record or not. You can file it for the information of the committee, if you desire, and we would be very glad to have it. You can file that with the committee in that way.

Mr. WATRISS. I will be very glad to leave it with you.

The CHAIRMAN. The subcommittee will take an adjournment until Thursday morning at 11 o'clock.

(Thereupon, at 1.30 p. m., the subcommittee adjourned until Thursday, September 18, 1919, at 11 o'clock a. m.).

#### BOYNTON APPENDIX A.

##### STATEMENT BY MR. BOYNTON.

We organized a bureau for the purpose of gathering all information possible bearing on the present situation in Mexico. We secured copies of every Mexican paper available. These papers were read daily and translation made of everything that bore on the situation in the country—financial, industrial, railroad, political, military, etc.

We started a campaign of membership and sent two men into the field to explain our aims and purposes where they apparently were most misunderstood. We have kept in touch with our own membership, and with the State Department for the purpose of bringing forward such conditions as we felt were sub-

stantiated by investigation or came from such a source as to make them worthy of trust. When we received information of actual news happenings which had not yet been made public, we announced them and we have been in an attitude of defense against misrepresentation, misstatements, and an effort to mislead the American public as to conditions in Mexico, as well as an aggressive attitude of demanding protection for life and property. In this work we have sent out a small amount of matter for publicity purposes which is entirely included in the batch of matter I hereby present for the consideration of the committee.

At the same time we have gotten out, since its organization, four bulletins carrying information of value to our members, statements of the progress of international relations with Mexico, and such other matter as we thought bore on the subject. I present a full set of these bulletins.

SEPTEMBER 5, 1919.

#### Memorandum for Mr. Boynton.

Below is given a list of all material sent to newspapers and press associations by the National Association for the Protection of American Rights in Mexico:

No. 1. Statement made to the National Association for the Protection of American Rights in Mexico by a member of the trade excursion visiting Mexico in April-May, 1919.

No. 2. State Department's report to George C. Wright, of Kansas City, Mo., owner of the Chivela plantation in the State of Oaxaca, Mexico, of the details of the murder of Edward E. Morgan, American manager of the property, and his assistant, Ruiz.

No. 3. Full text of the two resolutions introduced by Senator King, of Utah, in the United States Senate on May 20, 1919.

No. 4. Statement of member of the association regarding Villa's raid on Parral, Mexico, together with conditions of transportation.

No. 6. Extract from Mexican newspapers telling of attacks by rebels on railroad lines causing interruptions of traffic.

No. 7. Translation from *El Universal* containing decree of mayor of Morelia, Mexico, that all male residents and visitors to that town must wear pants.

No. 8. Synopsis of claims of William B. Mitchell, formerly general manager of the Banca de Londres y Mexico at Mexico City, in his suit to enjoin Alfredo Caturegia, the financial representative of the Carranza Government, from withdrawing \$140,000 from the Bank of Montreal.

No. 9. Textual translation of article 27 of Mexico's new constitution and its effect on American property holders.

No. 10. Announcement of the State Department at Washington of the murder of Lee Roy Moye, an employee of the Gulf Refining Co.

No. 11. Announcement of the murder of John W. Correll and the maltreatment of his wife.

No. 12. Statement of the association that it intended to use its utmost endeavors to make the Correll case an international issue.

No. 13. Statement of details of Carranza stopping the drilling of oil wells in Mexico. (Petroleum papers only.)

No. 14. Armed Mexicans raid on the camp of the Atlantic Refining Co., near Port Lobos, Mexico.

No. 15. Reply of this association to the interview published in the *New York Times* by Gen. Candido Aguilar, through Manuel Carpio, the head of the Mexican propaganda bureau.

No. 16. Details of the massacre of passengers and the dynamiting of a train between Mexico City and Vera Cruz.

No. 17. Copy of letter sent to the Mexican Ambassador at Washington, Senor Ignacio Bonillas, by C. H. Boynton, executive director of this association.

No. 18. Copies of the bulletin of this association, Nos. 1, 2, 3, 4.

No. 19. Memoranda showing number of crimes committed in Tampico district in which Correll was killed indicating 112 crimes in a period of 539 days—an average of one outrage against an American citizen every 4.8 days in this single small district.

No. 20. Pressing for a solution of the Mexican problem. Statement of C. H. Boynton, executive director.

No. 21. Revision of list of Americans murdered in Mexico, combining the list submitted to the House Committee on Rules by Ambassador Henry P. Fletcher,

and the other known lists, showing approximately 396 murders and adding five names of Americans which had not appeared on any previously published lists.

No. 22. List of Americans murdered in Mexico. (No more copies of this list are on file. It may be found on page 10 of Bulletin No. 2, just as it was given to the newspapers.)

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[For release May 26, 1919.]

Business men who recently participated in a trade excursion into Mexico are not inclined to favor the immediate investment of capital in that country. Banking facilities were found to be unsound; transportation was suffering severely from the lack of rolling stock, and manufacturing, smelting, and mining industries were operating on part time. A visit was made to Tampico where the situation in the oil fields was shown to be unsettled.

The excursionists were everywhere given a courteous and cordial reception. The crops seemed to be good and it was reported to members of the party that they were better than they had been for several years past.

These statements are taken from a report made to the National Association for the Protection of American Rights in Mexico by a member of this trade excursion who writes that—

"The conditions in Mexico are still far from normal, but sufficient improvement has been noted during the last few months to warrant an effort toward establishing more active commercial relations.

"The majority of the excursionists, however, are not inclined to favor the immediate investment of capital in Mexico. They believe a better plan is to cultivate closer social relations with the Mexicans, study their needs and customs, and lay the foundation for the business which they feel certain will come from Mexico.

"I believe one of two things will happen in Mexico within the next year or two," says the report. "Either the Mexican people will stabilize conditions sufficiently to give adequate protection to foreign capital and industries or it will be done for them. The reason is obvious. Mexico has much that the world needs and needs badly. It is, therefore, reasonable to suppose that the world will secure these necessities.

"Carranza is unpopular with practically all classes except those who have been able to profit from the spoils of office. It seems to be the general impression that he will make no effort to continue to hold the presidency, although his statement that he would not do so has been questioned.

"Public sentiment toward the United States has undergone noticeable change since the signing of the armistice. The Mexicans realize now that they misjudged this country and have a most wholesome respect for our fighting ability. German influence has slumped materially and not in years has the sentiment, particularly among the important commercial interests, been so favorable to better business relations with the United States.

"General conditions were found to be better than expected. Few evidences of acute suffering or want were seen. Manufacturing, mining, and smelting industries were found operating on part time.

"Second in importance to the restoration of order throughout Mexico, is rolling stock for the railroads. The rails and roadbeds over which we were escorted are in good condition, considering the years of revolution through which the country has passed, but most of the rolling stock has been confiscated. There can be no great volume of business in the republic until this shortage is remedied.

"Many banks throughout the republic have been forced to close, the Government seizing all the money. Banking facilities are in bad shape. The establishing of sound government institutions is essential. It is equally important, many business leaders asserted, that American financial concerns establish branch banks in Mexico, thus making long time credits possible, and facilitating the transaction of business between the two countries.

"The situation at Tampico continues unsettled. Interests there are subject to high and unjust taxes and the government is condemned for not providing adequate protection from bandit activities. At the same time the majority of the American concerns there also severely criticize their own government for allowing such a state of affairs to continue without taking action to help them. Robberies and bandit outrages in this region are frequent, as shown by press reports.



"Mexico City shows little effect outwardly of the battles fought there during the revolutions. There is no semblance of any business depression to an outsider, although an investigation reveals practically no constructive work being done and that commercial operations are seriously handicapped by the lack of adequate banking facilities and railway rolling stock."

A member of another trade excursion, in a letter to the National Association for the Protection of American Rights in Mexico, said:

"I was somewhat disappointed in the present conditions in Mexico upon my recent visit there. As guests of the Carranza Government, naturally we were shown the best side and were cordially received. However, it is my opinion that their cordiality may be explained on the grounds that they have reached a conclusion, since the signing of the armistice, that they 'have been barking up the wrong tree,' and that it is to their interest to show a friendly disposition toward the United States. They know that only in this country can they obtain money for their depleted treasury and that they must look to the United States for many commodities of which they are in need.

"I do not feel that they have any more real love for us than they had before. It is simply a matter of policy on their part. Frankly, unless they can get a loan from this Government or some American banking institution, I do not see how the Carranza administration can last very long. Money is needed to keep the army satisfied and to buy rolling stock and motive power to put the railroads of Mexico in proper shape.

"Banking conditions in Mexico are very bad and very unsettled. So far as I could determine, banks are merely marking time to see what laws the present congress will enact. The only salvation for the present Mexican authorities seems to be to pass laws protecting banking interests and foreign investments and properties.

"Here Carranza is between two fires. The enactment of such laws is likely to stir up trouble; if he does not enact them, his government will go bankrupt. I do not believe it wise for this Government or any private interest to loan Mexico money without definite arrangement for supervision of the manner in which it is expended. Otherwise it will be fooled away.

"I do not see how Mexico can be put on a stable basis unless the United States or some world power intervenes, at least to the extent of establishing some sort of a protectorate. Mexico is without question a country of wonderful resources, but the present generation will never develop them. Immigration must be encouraged by the enactment of sound laws protecting the lives and interests of foreigners in the country. I believe that this would result in the establishment of stable conditions and bring about the development of the resources of the country."

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[For release May 29, 1919.]

The State Department has reported to George C. Wright of Kansas City, Mo., owner of the Chivela plantation in the State of Oaxaca, Mexico, details of the brutal murder of Edward E. Morgan, American manager of the property and his assistant Ruiz. The crime was committed in the early part of April. The victims were unprovided with any means of defense. They were set upon by six or eight men armed with rifles; their hands were tied behind them; their throats cut and each was shot three times. Morgan was also stabbed through the body. The official advices were set forth in a letter to Mr. Wright, the full text of which is here given:

DEPARTMENT OF STATE,  
Washington, D. C., April 16, 1919.

MR. GEO. G. WRIGHT,  
1214 Grand Avenue, Temple Building,  
Kansas City, Mo.

DEAR SIR,

In further reply to your telegram of April 9, in regard to the murder of Mr. Edward E. Morgan in Mexico, I have to inform you that I have received from the council at Salina Cruz a telegram dated April 11, 10 a. m., in substance as follows: The murderers were six or eight men armed with rifles. Witnesses saw them but assert that they did not recognize them. The throats of both Mr. Morgan and Mr. Ruiz, his assistant, were cut, and Morgan was stabbed through the body. Each was shot three times. Their arms were tied behind them and they had no chance of escape. The law of Mexico for-

bids the shipment of remains from that country for seven years but the President of Mexico has power to waive this requirement, and did so in another recent case. The military authorities are showing commendable zeal in their efforts to apprehend the murderers.

I am,  
For the Acting Secretary of State.

ALVEY A. ADEE,  
*Second Assistant Secretary.*

Due to the unsettled condition in Mexico, Mr. Morgan's family has been residing in Houston, Tex., and was not on the plantation when the murders were committed.

Mr. Morgan had been a resident of Mexico for many years. He was kind to the natives, understood them and was generally liked by the people living in the country about Chivela plantation. There is a colony of 500 natives on the property and the American manager invariably came to their assistance in times of great need. Returning to the plantation in 1916 after a lengthy enforced stay in the United States because revolutionary conditions had made it impossible to work property, he found the colonists in a desperate condition. On making a trip of inspection of the plantation he noticed that on passing the homes of the colonists none of the women appeared. He learned on inquiry of their men folk, that the women had so little clothing left that they were ashamed to be seen. At his own expense, Mr. Morgan saw that cloth was provided to clothe the entire colony.

In a letter to the National Association for the Protection of American Rights in Mexico, Mr. Wright says regarding the murder of Morgan:

"The State Department advises that I appoint a representative to look after my interests at Chivela. While fully appreciating any suggestion from the department, I would have very small regard for the life of my fellow man to send an American there to take charge, knowing that we are not allowed firearms for ourselves or for the natives who assist us in defending our property.

"We have been forced to live there with no protection in the way of firearms. You will notice that this bunch of murderers was fully armed. Where do they get their arms? They get them through this so-called Carranza Government, while a man in the peaceful discharge of his duties is left entirely defenseless.

"No murders will be punished so long as our Government looks to the Carranza Government to punish them. If our State Department believes that any punishment will be inflicted through the Carranza military element, its information is directly at variance with all information I receive from Mexico and such as I have gleaned on my visits to that unfortunate country.

"Your attention is called to the statement that 'the military authorities are showing commendable zeal in their efforts to apprehend the murders.' This statement, to those who know conditions, means nothing. These so-called military authorities are in all probability the people to blame as having a hand in this murder.

"It is known to every one acquainted with the present situation in Mexico that the danger in that country and the crimes committed are due not to the rebel factions, but to the so-called bandits and the military faction that constitutes the Carranza Government.

"Please note that witnesses saw the murderers but assert that they 'did not recognize them.' It would be far from natural that a defenseless native would admit that he recognized the murderers, as he knows that if he made such a statement, he would meet a like fate. If necessary I would be glad to bring such natives to this country and place them beyond the power of these murderers if they would reveal the identity of the assassins of Morgan and Ruiz. It is probable that if given protection, they would be willing to disclose the names of the slayers."

To the Editor.

We forward you herewith the full text of two resolutions introduced on May 20 in the United States Senate by Senator William H. King, of Utah, and referred to the Committee on Foreign Relations. They are furnished for your information and publication.

Yours, very truly,

NATIONAL ASSOCIATION FOR THE PROTECTION OF AMERICAN RIGHTS IN MEXICO,  
347 Fifth Avenue, New York, N. Y.  
By C. H. BOYNTON, *Executive Director.*

Resolution introduced by Senator King, May 20, 1919:

"Whereas claims aggregating millions of dollars in compensation for damages to property and for personal outrages and destruction of life, suffered by citizens of the United States in the Republic of Mexico, have been filed with the Department of State for presentation to the Government of Mexico; and

"Whereas some years have already intervened between the commission of such damages and outrages and no progress is apparently being made toward the liquidation, settlement, and payment of such claims: Now, therefore, be it

"Resolved, That the Secretary of State be, and he is hereby, directed to report to the Senate whether or not said claims have been presented to the Government of Mexico, and what steps and measures are being taken to prosecute such claims and to liquidate and settle the same, and if said claims have not been presented, then to report to the Senate what steps and measures are contemplated to be taken with respect thereto and when the department will proceed with the same.

"Also to report to the Senate the number of citizens of the United States who have been killed in Mexico since Porfirio Diaz retired from the Presidency of Mexico, together with the number of nationals of other countries who have been killed in Mexico, so far as the Secretary of State is advised; also to report to the Senate the amount of claims filed with the State Department for damages suffered by citizens of the United States in Mexico and any information which the Secretary of State has as to the confiscation of property of citizens of the United States and as to the damage suffered by the citizens of the United States in Mexico which may be in his possession."

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"Resolved, That the President is requested to open negotiations through diplomatic channels with Mexico for the appointment of a joint high commission on the part of the United States and upon the part of Mexico, which shall be authorized to consider, liquidate, and settle claims made by the citizens of the United States to recover damages suffered on account of the delinquency of the Government of Mexico."

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Francisco Villa, the Chihuahua, Mexico, rebel leader, made a rich haul during his latest raid on the mining town of Parral, Chihuahua. A telegram received by a member of the National Association for the Protection of American Rights in Mexico by a refugee from Parral, who succeeded in reaching El Paso, Tex., says:

"Conditions in Parral very bad. Villa took from the mining companies and the town half a million gold. Railroad torn up in many places over stretch of 30 miles."

A letter from Parral, dated May 11, 1919, states that the town has been shut off from communication with the outside world. An extract from the letter is given herewith:

"There has been no train for a month and almost no news from the outside. The San Francisco del Oro mine has shut down. The manager and some of his men will go out to-morrow morning. The rest will leave later."

Mexico has been suffering for many months from an acute shortage of railroad rolling stock. This is greatly handicapping the Mexican War Department in mobilizing troops to combat Villa, according to newspapers of Mexico City.

El Universal, the leading newspaper of the City of Mexico, under date of May 13, 1919, says:

"General Caesareo Castro has not been able to move his troops north of Torreon because of the scarcity of railway cars. He will take a force of 2,000 men to cooperate in the campaign against Villa and it will require several trains to transport them.

"It was stated in official circles that President Carranza had issued orders that an adequate number of railway cars be sent to Mexico City immediately to move Gen. Castro's troops north."

Gen. Castro was until recently military commander of the State of Puebla. His forces have been operating in that State. Castro was relieved of his duties in Puebla in order to take part, with his men, in the Villa campaign. The forces which are being mobilized against Villa from the south will be based at Torreon and will be under the general command of Gen. M. M. Dieguez.

El Excelsior, a newspaper of Mexico City, dated May 14, 1919, says in connection with the suspension of railway service in Chihuahua:

"Gen. Juan Barragan, chief of the presidential staff, said yesterday that the Chihuahua situation had improved considerably and that passenger traffic would be established from the south to Ciudad Juarez within a few days.

"The suspension of railway traffic during the past few weeks has been due in a large part to military operations which demand this in order that the rebels may be cut off from all communication with the interior of the State. The bridges and tracks destroyed can be repaired by the Villistas north of Jimenez and on the Parral branch can be repaired in a short time. It is hoped that within a few days it will be possible to run trains from Jimenez north to the United States border and west to Parral."

The same newspaper quotes Alfredo J. Castellanos, a graduate engineer just arrived from Torreon, as saying that the Chihuahua situation demands prompt action to prevent a spread of trouble. He said that lack of cars made it difficult to move Federal troops and that in some instances had isolated military trains, tearing up the track before and behind them.

Many families, he said, from southern Chihuahua had sought safety in Torreon.

Mexican rebels in the States of Vera Cruz and Puebla recently have shown increased activity in attacking trains and interrupting traffic.

On the Alvarado railway line, south of Vera Cruz, May 8, a train was dynamited by rebels, and the military escort of 30 soldiers exterminated in a fight lasting half an hour. Juan Lagunes, leader of the rebels, succeeded in getting \$12,500 from an army paymaster and passengers on the train.

Another attack on a train occurred about the same time on the Tierra Blanca line, near the station of Joachin in Vera Cruz. In this case the military train preceding a passenger train was dynamited and then attacked by the rebels. A hot fight continued for some time until rescue trains could be sent from Tierra Blanca. Upon the arrival of Federal reinforcements the rebels withdrew.

In addition to these two attacks, several unsuccessful assaults on trains in Vera Cruz and Puebla have been reported by the newspapers of Mexico City. Traffic on the railway between Vera Cruz and Tierra Blanca has been exceedingly irregular, due to rebel operations.

Federal officers have reported that the topography of the country and the luxuriant tropic growth up to the very edge of the right of way make it impossible to protect these lines by means of blockhouses. Because of these conditions observation from the blockhouses would be so limited and they would have to be placed so close together as to make any plan for their establishment impossible.

#### MUST WEAR PANTS.

El Universal, the leading newspaper of the City of Mexico, has this remarkable dispatch:

MORELIA, TEX., April 21.

The mayor, Senor Idalecio Contreras, has just issued a public order by which he makes obligatory the wearing of pants by the male residents and visitors when passing through the streets of the town.

The order directs that all persons who do not possess these articles of wearing apparel must provide themselves with these not later than May 5. Failure to comply with the order is punishable and the offender must secure pants before being released from custody.

The mayor specifies that the use of underwear will not be regarded as complying with the order.

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William B. Mitchell, formerly general manager of the Banca de Londres y Mexico at Mexico City, now living in Forest Hills, Long Island, filed suit on May 14 through his attorneys, Rogers & Rogers, of 66 Broadway, to enjoin Alfredo Caturegli, the financial representative of the Carranza government in this country, with offices at No. 120 Broadway, from withdrawing from the Bank of Montreal \$140,000. Mr. Mitchell claims that this money belongs to the Banca de Londres y Mexico, which was wrecked by the acts of the Mexican Government. The Bank of Montreal is made a party to the suit and the court is asked to enjoin this bank from paying out the money to any

representative of the Mexican Government and the appointment of a receiver is asked to safeguard the fund.

The arguments on the motion will be heard in the Supreme Court, part 1, special term, on Wednesday, May 28, 1919.

The outcome of the suit is of unusual interest to Americans and others who have claims against the Mexican Government and who believe that the Carranza government is trying with the aid of the courts of this country to get his hands on millions of dollars which banks and other financial houses in a similar position to the Banca de Londres y Mexico have on deposit in banks in many cities of the United States.

Mr. Mitchell claims that his bank had assets of \$154,000,000, with a gold and silver reserve amounting to about \$20,000,000, until it was located by the Carranza government.

President Carranza, on September 16, 1916, according to Mr. Mitchell, issued an order suspending all banking operations and ordering that all banks level their metallic deposits with the issued bills within 60 days. Previously the banks had been permitted to issue bills which circulated as money to the extent of 2 for 1.

The first portion of the decree of September 16 made impossible the observance of the second. Mitchell, who had full authority in his bank, protested and was "confined" to his banking rooms until he signed a minute consenting to the appointment of a board of sequestration to take charge of his bank for the Government of Mexico. On his release from the "confinement" Mr. Mitchell protested, claiming that he had agreed under duress. For this he was placed in jail. Then it was demanded that he turn over to the board of sequestration the assets of the bank. He refused, and a file of soldiers took possession. But they could not open the vaults. Manager Mitchell, from the jail, agreed to have the vaults opened so that the Mexican Government could make an inventory.

On his release Mitchell opened the vaults and was told that the Government would take out approximately \$3,000,000, and that when it was minted the coin would be returned to the bank. It never was, the bank receiving about 10 per cent.

Early in January, 1917, Carranza demanded a forced loan of \$3,000,000, and on Mitchell's refusal to make it he was jailed again. To secure his freedom he consented, and then the Mexican Government raised the loan to \$4,000,000. The process of looting went on rapidly after that, Mr. Mitchell claims. He was clapped in jail and released and jailed again, despite his protests, until there was not a dollar of real coin left in his bank. Then he came to New York, where his bank had on deposit \$500,000 with the Bank of British North America, which was later absorbed by the Bank of Montreal.

Now, according to Mr. Mitchell, Carranza wants that \$500,000.

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[From the National Association for the Protection of American Rights in Mexico, 347 Fifth Avenue.]

The State Department at Washington to-day (Thursday) announced that Lee Roy Moye, an employee of the Gulf Refining Co., had been murdered by armed rebels at Tepetate on Tuesday last, July 1.

It is known to the National Association for the Protection of American Rights in Mexico that only Carranza soldiers are permitted to carry arms in this territory.

Moye is the fifth employee of the Gulf Refining Co. to be murdered. The others were Dunn, Cooper, Esparola, and Millard, all of whom were murdered during 1918 within a radius of 1½ miles of Tampico.

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HOW ARTICLE 27 OF MEXICO'S NEW CONSTITUTION AFFECTS AMERICAN PROPERTY HOLDERS—A TEXTUAL TRANSLATION.

NATIONAL ASSOCIATION FOR THE PROTECTION OF  
AMERICAN RIGHTS IN MEXICO,  
No. 347 Fifth Avenue, New York City.

To editors:

This textual translation of article 27 of the new constitution of the Republic of Mexico, the accuracy of which we guarantee, is sent you for your information.

Mexico is becoming an increasing subject of discussion in Washington and elsewhere. The greatest interest will center in article 27, which is of vital importance to American property owners and investors in that country. Its provisions are radical in the extreme and as it is retroactive is confiscatory of property rights.

Among other things article 27 provides:

(a) No foreign corporation or individual can legally acquire or hold any mines, oil wells, land, or other real property in Mexico unless he renounces his citizenship.

(b) No corporation, either domestic or foreign, can own agricultural, grazing, or other rural lands in Mexico, and if title to such property is already vested in a corporation provision is made for its acquisition by the respective State governments in exchange for State bonds.

(c) No corporation owning a mine, oil well, factory, or other industrial enterprise can hold or acquire land in excess of its actual immediate requirements, the area to be determined by the Federal or State executive.

(d) No foreign corporation or individual can, under any condition, hold or acquire ownership to lands or waters within 60 miles of its frontiers or 80 miles from the seacoast.

(e) The ownership to all minerals, solid, liquid, or gaseous, is declared to be vested in the nation, regardless of existing rights based upon the old constitution.

(f) All contracts relating to the acquisition of natural resources made since the year 1876 are subject to revision by the present government, and the executive is authorized to declare them null and void.

As frequent reference will be made to article 27 it is suggested that you place this translation on file.

NATIONAL ASSOCIATION FOR THE  
PROTECTION OF AMERICAN RIGHTS IN MEXICO,  
C. H. BOYNTON, *Executive Director*.

The following is a textual translation of article 27 of the new constitution of Mexico.

ART. 27. The ownership of lands and waters comprised within the limits of the national territory is vested originally in the nation, which has had, and has, the right to transmit title thereof to private persons, thereby constituting private property.

Private property shall not be expropriated except for reasons of public utility and by means of indemnification.

The nation shall have at all times the right to impose on private property such limitations as the public interest may demand, as well as the right to regulate the development of natural resources, which are susceptible of appropriation, in order to conserve them and equitably to distribute the public wealth. For this purpose necessary measures shall be taken to divide large landed estates, to develop small landed holdings, to establish new centers of rural population with such lands and waters as may be indispensable to them; to encourage agriculture and to prevent the destruction of natural resources, and to protect property from damage detrimental to society. Settlements, hamlets situated on private property, and communes which lack lands or water or do not possess them in sufficient quantities for their needs shall have the right to be provided with them from the adjoining properties, always having regard for small landed holdings. Wherefore, all grants of land made up to the present time under the decree of January 6, 1915, are confirmed. Private property acquired for the said purposes shall be considered as taken for public utility.

In the nation is vested direct ownership of all minerals or substances which in veins, layers, masses, or beds constitute deposits whose nature is different from the components of the land, as such minerals from which metals and metaloids used for industrial purposes are extracted; beds of precious stones, rock salt, and salt lakes formed directly by marine waters, products derived from the decomposition of rocks when their exploitation requires underground work, phosphates which may be used for fertilizers, solid mineral fuels, petroleum and other hydrocarbons—solid, liquid, or gaseous.

In the nation is likewise vested the ownership of the waters of territorial seas to the extent and in the terms fixed by the law of nations, those of lakes and inlets of bays, those of interior lakes of natural formation which are directly connected with flowing waters, those of principal rivers or tributaries

from the points at which there is a permanent current of water in their beds to their mouths, whether they flow to the sea or cross two or more States; those of intermittent streams which traverse two or more States in their main body, the waters of rivers, streams, or ravines when they bound the National territory or that of the States; waters extracted from mines, and the beds and banks of the lakes and streams hereinbefore mentioned, to the extent fixed by law. Any other stream of water not comprised within the foregoing enumeration shall be considered as an integral part of the private property through which it flows, but the development of the waters when they pass from one landed property to another shall be considered of public utility and shall be subject to the provisions prescribed by the States.

In the cases to which the two foregoing paragraphs refer the ownership of the nation is inalienable and may not be lost by prescription; concessions shall be granted by the federal government to private parties or civil or commercial corporations organized under the laws of Mexico, only on condition that said resources be regularly developed, and on the further condition that the legal provisions be observed.

Legal capacity to acquire ownership of lands of the nation shall be governed by the following provisions:

I. Only Mexicans by birth or naturalization and Mexican companies have the right to acquire ownership in lands, waters, and their appurtenances, or to obtain concessions to develop mines, water, or mineral fuels in the Republic of Mexico. The nation may grant the same right to foreigners, provided they agree before the department of foreign affairs to be considered Mexicans in respect to such property, and accordingly not to invoke the protection of their Governments in respect to the same, under penalty, in case of breach, or forfeiture to the nation of property so acquired. Within a zone of 100 kilometers from the frontiers and of 50 kilometers from the sea coast no foreigner shall under any conditions acquire direct ownership of lands and waters.

II. The religious institutions known as churches, irrespective of creed, shall in no case have legal capacity to acquire, hold, or administer real property or loans made on such real property; all such real property or loans as may be at present held by said religious institutions, either on their own behalf or through third parties, shall vest in the nation, and anyone shall have the right to denounce property so held. Presumptive proof shall be sufficient to declare the denunciation well founded. Places of public worship are the property of the nation, as represented by the federal government, which shall determine which of them may continue to be devoted to their present purposes. Episcopal residences, rectories, seminaries, orphan asylums, or collegiate establishments of religious institutions, convents, or any other buildings built or designed for the administration, propaganda, or teaching of the tenets of any religious creed shall forthwith vest, as of full right, directly in the nation, to be used exclusively for the public services, of the federation, or of the States, within their respective jurisdictions. All places of public worship which shall later be erected shall be the property of the nation.

III. Public and private charitable institutions for the sick and needy, for scientific research, or for the diffusion of knowledge, mutual aid societies or organizations formed for any other lawful purpose, shall in no case acquire, hold, or administer loans made on real property, unless the mortgage terms do not exceed 10 years. In no case shall institutions of this character be under the patronage, direction, administration, charge, or supervision of religious corporations or institutions, nor of ministers of any religious creed or of their dependents, even though neither the former or the latter shall not be in active service.

IV. Commercial stock companies shall not acquire, hold, or administer rural properties. Companies of this nature which may be organized to develop any manufacturing, mining, petroleum, or other industry, excepting only agricultural industries, may acquire, hold, or administer lands only in an area absolutely necessary for their establishments or adequate to serve the purposes indicated, which the executive of the Union or of the respective State in each case shall determine.

V. Banks duly organized under the laws governing institutions of credit may make mortgage loans on rural and urban property in accordance with the provisions of the said laws, but they may not own nor administer more real property than that absolutely necessary for their direct purposes; and they may furthermore hold temporarily for the brief term fixed by law such real property as may be judicially adjudicated to them in execution proceedings.

VI. Properties held in common by coowners, hamlets situated on private property, pueblos, tribal congregations, and other settlements which, as a matter of fact or law, conserve their communal character, shall have legal capacity to enjoy in common the waters, woods, and lands belonging to them, or which may have been or shall be restored to them according to the law of January 6, 1915, until such time as the manner of making the division of the lands shall be determined by law.

VII. Excepting the corporations to which Clauses III, IV, V, and VI hereof refer, no other civil corporation may hold or administer on its own behalf real estate or mortgage loans derived therefrom, with the single exception of buildings designed directly and immediately for the purposes of the institution. The states, the federal district, and the territories, as well as the municipalities throughout the Republic shall enjoy the full legal capacity to acquire and hold all real estate necessary for public services.

The federal and state laws shall determine within their respective jurisdictions those cases in which the occupation of private property shall be considered of public utility; and in accordance with the said laws the administrative authorities shall make the corresponding declaration. The amount fixed as compensation for the expropriated property shall be based on the sum at which the said property shall be valued for fiscal purposes in the catastral or revenue offices, whether this value be that manifested by the owner or merely impliedly accepted by reason of the payment of his taxes on such a basis, to which there shall be added 10 per cent. The increased value which the property in question may have acquired through improvements made subsequent to the date of the fixing of the fiscal value shall be the only matter subject to expert opinion and to judicial determination. The same procedure shall be observed in respect to objects whose value is not recorded in the revenue offices.

All proceedings, findings, decision and all operations of demarcation, concession, composition, judgment, compromise, alienation, or auction which may have deprived properties held in common by coowners, hamlets situated on private property, settlements, congregations, tribes, and other settlement organizations still existing since the law of June 25, 1856, of the whole or a part of their lands, woods and waters, are declared null and void; all findings, resolutions, and operations which may subsequently take place and produce the same effects shall likewise be null and void. Consequently all lands, forests, and waters of which the above-mentioned settlements may have been deprived shall be restored to them according to the decrees of January 6, 1915, which shall remain in force as a constitutional law. In case the adjudication of lands, by way of restitution, be not legal in terms of the said decree, which adjudication has been requested by any of the above entities, those lands shall nevertheless be given to them by way of grant, and they shall in no event fail to receive such as they may need. Only such lands, title to which may have been acquired in the divisions made by virtue of the said law of June 25, 1856, or such as may be held in undisputed ownership for more than ten years are expected from the provision of nullity, provided their area does not exceed 50 hectares. Any excess over this area shall be returned to the commune and the owner shall be indemnified.

All laws of restitution enacted by virtue of this provision shall be immediately carried into effect by the administrative authorities. Only members of the commune shall have the right to the lands destined to be divided, and the rights to these lands shall be inalienable so long as they remain undivided; the same provision shall govern the right of ownership after the division has been made. The exercise of the rights pertaining to the nation by virtue of this article shall follow judicial process; but as a part of this process and by order of the proper tribunals, which order shall be issued within the maximum period of one month, the administrative authorities shall proceed without delay to the occupation, administration, auction, or sale of the lands and waters in question, together with all their appurtenances, and in no case may the acts of the said authorities be set aside until final sentence is handed down.

During the next constitutional term, the congress and the state legislatures shall enact laws, within their respective jurisdictions, for the purpose of carrying out the division of large landed estates, subject to the following conditions:

(a) In each state and territory there shall be fixed the maximum area of land which any one individual or legally organized corporation may own.



(b) The excess of the area thus fixed shall be subdivided by the owner within the period set by the laws of the respective locality; and these subdivisions shall be offered for sale on such conditions as the respective governments shall approve, in accordance with the said laws.

(c) If the owner shall refuse to make the subdivision, this shall be carried out by the local Government by means of expropriation proceedings.

(d) The value of the subdivisions shall be paid in annual amounts sufficient to amortize the principal and interest within a period of not less than 20 years, during which the person acquiring them may not alienate them. The rate of interest shall not exceed 5 per cent per annum.

(e) The owner shall be bound to receive bonds of a special issue to guarantee the payment of the property expropriated. With this end in view, the congress shall issue a law authorizing the States to issue bonds to meet their agrarian obligations.

(f) The local laws shall govern the extent of the family patrimony, and determine what property shall constitute the same on the basis of its alienability; it shall not be subject to attachment nor to any charge whatever.

All contracts and concession made by former governments from and after the year 1876 which shall have resulted in the monopoly of lands, waters, and natural resources of the nation by a single individual or corporation, are declared subject to revision, and the executive is authorized to declare those null and void which seriously prejudice the public interest.

(File for future reference.)

[From the National Association for the Protection of American Rights in Mexico, 347 Fifth Avenue, New York City.]

#### AMERICAN CITIZEN MURDERED—WIFE MALTREATED BY MEXICANS.

NEW YORK, *June 30.*

A statement signed by Mary Correll and her 16-year-old son Joe has been received by the National Association for the Protection of American Rights in Mexico, from Tampico, Mexico, relating how John W. Correll, the husband and father, was murdered by Mexicans, June 16, while trying to defend his wife, who was then maltreated in the most revolting manner by the Mexicans. The boy was shot at, but escaped. Following is the signed statement:

TAMPICO, TAMAULIPAS, *June 22, 1919.*

#### STATEMENT OF JOE CORRELL.

My father, John W. Correll, my mother, Mary Correll, and myself, Joe Correll, came to Mexico about two months ago from our home at Ada, Okla. We had read in newspaper articles and interviews stating that conditions in Mexico were again normal and we thought, judging from these, that we would be safe.

Upon arrival here my father purchased a tractor and other agricultural implements and we proceed to get our land at Colonia, which is about 20 miles northwest of Tampico, in shape so as to get in a crop.

Last Monday, June 16, at about 10 o'clock in the morning my father, mother, and myself were at our home when about 40 men (Mexicans) came there and searched our house, taking all our clothing, all the food we had, and also a rifle which my father had. After doing this they all left but four men. These four men went into the house and tore down all the curtains, shelves, etc. They afterwards marched me around on the outside of the house punching me with their rifles, when I made a break for the brush. They fired at me as I ran, one bullet grazing the collar of my coat. Then they commenced to maltreat my mother, and my father went to protect her, when they killed him, shooting him once through the head and once through the breast. They followed me to the brush, but did not find me. They robbed everything we had in the house, including bedding and silverware. I can not describe the horrible treatment my mother suffered after my father was killed.

We are Americans; my mother and myself were born at Ada, Okla.; my father in Tennessee, but I do not know the name of the place. I am 16 years of age. As soon as we can dispose of our agricultural implements we will leave for our home at Ada, Okla.

(Signed) JOE CORRELL.

The above statement made by my son is true.

(Signed) MARY CORRELL.

A letter referring to this crime was received by C. F. de Ganhal, president of the Southern Oil & Transport Co., of 120 Broadway, from a correspondent in Mexico, whose name can not be given without exposing him to risk of reprisal, which said among other things:

"The details connected with the raping of Mrs. Correll are revolting in the extreme. This band, who are nothing but bandits, have had their headquarters at Mesquites, about 50 kilometers up the Tamesi River for many months, and have never been molested. About six weeks ago R. A. Bishop and William Bell, who went up there to look at some mules, were captured by these bandits and had to put up 300 pesos to get away. American ranches at Manuel and Chocoy have been raided and robbed by these people a dozen times in the last six months, and no effort had been made to capture them.

"Now right on top of this murder of an American citizen and the brutal outrage of an American woman there is published in the very district in which these crimes are committed, an official statement by Summerline, first secretary of the American Embassy in the City of Mexico, that no attention should be taken of the resolution of Representative Gould to investigate outrages upon Americans.

"This is certainly a declaration of an open season upon Americans."

Some members of the National Association for the Protection of American Rights in Mexico propose to lay this crime, which is typical of a long list of similar affairs, before the executive committee at its meeting next Thursday, with the request that the association make it a test case to ascertain whether or not American citizens are to receive protection from their Government.

Inquiries at Washington disclosed the fact that the Correll case had been reported to the State Department and that the department had made representations regarding it to the local authorities at Tampico and to the Federal Government at Mexico City.

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[From the National Association for the Protection of American Rights in Mexico, 347 Fifth Avenue, New York City.]

#### CORRELL MURDER BY MEXICANS TO BE AN INTERNATIONAL ISSUE.

NEW YORK, July 3.

The executive committee of the National Association for the Protection of American Rights in Mexico at a meeting at No. 120 Broadway to-day decided to use its utmost endeavors to make the murder of John W. Correll, of Ada, Okla., an American citizen, the attempted murder of his 16-year-old son Joe, and the assault upon Mrs. Correll, 20 miles from Tampico, on June 16, an international issue; that is, to make the affair a test case to determine once for all whether or not American citizens can be and will be protected in Mexico and elsewhere. The case is a peculiarly flagrant one because the Corrells were lured to Mexico by roseate statements issued by the Carranza publicity bureau in Washington, saying that life was safe in Mexico, that conditions were normal there, and everybody prosperous. The decision of the executive committee was expressed in the following resolution:

Whereas, John W. Correll, an American citizen, was murdered near Tampico, Mexico, June 16, 1919, by Mexicans believed to be Carranza soldiers, because they are the only ones possessing rifles in that section, while defending the honor of his wife and the life of his young son; and

Whereas, his widow was maltreated by the murderers of her husband and was then left penniless in a hostile land, to which the family had been lured by false representations publicly and officially made, that the lives and property of foreigners in Mexico were safe, her assailants having stolen or destroyed all her possessions; be it

*Resolved*, That the National Association for the Protection of American Rights in Mexico provide funds to return Mrs. Correll and her son to the United States forthwith, and to render them every possible assistance in pressing, through the Government, their demand for the punishment of the criminals who committed this outrage and their claim for reparation from the Mexican Government; and be it further

*Resolved*, That this association as an organization and its members as individuals use every proper means at their command to secure, without delay, adequate reparation for the widows, orphans, and other dependents of the 540 American citizens who have been murdered in Mexico within the last four

years, and to secure for the lives and property of Americans killed in Mexico that protection which every Government owes its citizens wherever they may be.

Pursuant to this resolution instructions were issued to take immediate steps to look up the widows, orphans, and other dependents of American citizens murdered in Mexico in order that they may be organized for concerted action in pressing their claims for justice and reparation. As one means to this end the association has men at work at its offices at No. 347 Fifth Avenue compiling a list of those murdered Americans from data on file there. The list will be incomplete, because the information on file in the State Department has never been made public.

The last murder reported to the association was not of an American but of an Italian employee of an American, Dr. Albert J. Ochsner, of 2106 Sedgwick Street, Chicago. On June 17, the day after the Correll murder, John Mantellero, who had been employed on Dr. Ochsner's plantation in the State of Colima, on the west coast, about 300 miles from Tampico, was on board a train when it was attacked by a large armed force. Mr. Mantellero was killed, 1,500 pesos in Mexican gold he was carrying to pay off plantation employees was stolen, and his body was burned when the train was set on fire. The case was reported to the Italian ambassador at Mexico City and to the American State Department. This crime may give rise to an interesting situation on account of the Monroe doctrine, which makes European nations chary about trying to protect their nationals. As the American Government does not attempt to enforce demands for protection, Italy may present her claims for reparation to this country.

Private advices to the association from Mexico to-day are to the effect that the Mexican Government has ordered all traffic suspended on the Tehuantepec Railway and on the Inter-Oceanic Railway between Vera Cruz and Mexico City. The orgy of anarchy throughout the nation is rendering traffic on the remaining railroads more precarious from day to day.

Field Secretary John N. Quall reports that the El Paso (Tex.) Chamber of Commerce, at a special meeting held for the purpose yesterday (July 2), voted to become an active member of the National Association for the Protection of American Rights in Mexico, passed a resolution indorsing the association's purpose and advising other chambers of commerce in Texas, New Mexico, and Arizona to do likewise.

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[From the National Association for the Protection of American Rights in Mexico, 347 Fifth Avenue, New York City.]

#### CARRANZA USES TROOPS TO STOP OIL-WELL DRILLING.

NEW YORK CITY, *July 2, 1919.*

Details of the stoppage of oil-well drilling by Mexican troops acting under orders from the Carranza government have been reaching the National Association for the Protection of American Rights in Mexico in fragments. It seems that the first step was taken May 27, when Manager Ellis, of the Panuco-Boston Oil Co., was notified by the Mexican oil inspector to stop drilling at once, and that his company had been fined 500 pesos for drilling without a permit. On June 10, troops appeared, guided by Mexican oil inspectors, to compel the Panuco-Boston Co. and the Atlantic Oil Producing Co. to stop drilling, threatening to put the managers in jail unless they complied. The inspector in charge said that he was sending troops into the southern field, which begins 55 miles from Tampico and extends to a distance of 110 miles from that point, to stop drilling there. Nothing has been heard from that field. Letters received in New York refer to telegrams sent which have never been received, indicating that communication is uncertain.

It is known that the United States State Department protested against this action on the part of Carranza. A telegram from the Mexican foreign office dated June 30 has been received, the purport of which is that no attention will be paid to protest.

There are some 40 American companies and several individuals operating in the Panuco field, 28 miles by rail from Tampico and in the southern field. Drilling for oil is done on land leased from the Mexican owners under stipulations, in most cases, that a certain amount of work must be done in a certain

time or the lease will be forfeited. On the other hand, they can not drill without a permit from the Government, which included a stipulation which recognizes the right of the Mexican Government to the property. That is, the oil folks lose their lease if they fail to drill and acquiesce in the confiscation of their property under the famous "Article 27" of the Carranza constitution if they do.

At the same time that the two companies were estopped from drilling by troops, Carranza soldiers raided camps of the Gulf Co. and of Peurose & Reilly.

Instructions under which the Mexican oil inspectors acted were given under the seal of the department of industry, commerce, and labor of Mexico and were signed by J. Vasquez Schiaffino, subsecretary in charge, and were addressed to the department of war and navy. Attorneys for American oil interests say that this stoppage of the use of lands for the purpose for which they were legally acquired is an overt act of confiscation, committed in defiance of protests of the American Department of State.

Since August 15, 1918, the Mexican Government has offered to grant "permits" to drill only to such companies as would, in asking for these "permits," admit that the Mexican Government was the owner of their oil deposits. Such an admission would have made the State Department's protests a joke and estopped the companies from further assertion of their rights. The associated American companies refuse to make such an admission. Hence they were denied permits. To accept as final this attempted prohibition to use their own lands would also have worked to the success of the Mexican Government's intent to confiscate the property. Such companies has leaded with time limits drilled in spite of refusal of permission. This refusal, when analyzed, is nothing more than abuse of the police power of the State for purposes of coercion.

Wells on which work was stopped had not been properly concreted, so they will cave in and all work done will be a total loss.

The following is a translation of the instructions under which the troops and the oil inspectors acted in stopping the drilling as related in the foregoing:

[Translation.]

A seal that says "Department of Industry, Commerce, and Labor, Mexico." Matter: He is advised of the accord of the C. President of the Republic to suspend the drilling works of oil wells that some companies are executing without permit from the executive power. It is requested of him that the military forces lend their aid to the petroleum inspectors with the purpose of suspending such works, and suggests to him the means and form in which the procedure must be carried out together with this department.

Inasmuch as the political constitution now in force declares that the beds and deposits of oil which are found in the subsoil of the national territory are the property of the nation; and as the said constitution denies to the foreign companies the right to obtain concessions to exploit these mineral combustibles until they organize themselves according to the Mexican laws; and, finally, as the generality of the foreign company have not been willing to subject themselves to the dispositions contained in the decrees of the executive, relative to the taxes on oil lands and leases, this (the executive power, tr.), in all justice, and meanwhile the petroleum law is issued by Congress has refused to grant permits tending to drill with the purpose of extracting oil to different companies and individuals who find themselves in the circumstances above stated.

But some oil company, disobeying the general dispositions of the Government and even more against the expressed and definite prohibition of this department, dictated as the result of an accord of the C. President of the Republic, have begun to drill wells to extract oil from the subsoil of the lands of which they are the owners and of those which they have under lease in the regions of Tepetate and Chinampa, of the cantons of Ozuama and Vera Cruz, in the State of Vera Cruz.

In order to prevent at once such disobedience and violation of the dispositions now in force relative thereto, the C. President of the Republic has deemed fit to accord that use be made of the public force, and with that object in mind he has seen fit to dispose that this department gets in communication with that department of war and navy, as I have the honor of so doing to-day, requesting the assistance and aid of the federal forces which operate in the Huasteca Veracruzana, that the works now being unlawfully carried out may be suspended and their continuation stopped.

With this object in view, this department begs to suggest to you the following:

First, that immediately and by telegram you kindly issue your orders to the chief of the military operations in the Huasteca Veracruzana, that he may arrange with the chiefs of inspectors of the agencies of petroleum in Tampico and Tuxpam, whose offices are located in Calle Morena No. 20, Tampico, Tamps, and Avenida Hidalgo No. 34, Tuxpam, Ver., in order that one or two petroleum inspectors, dependents of this department, shall go on the date agreed on to the regions of Tepetate and Chinampa, and those other regions where drilling of wells might be in progress without due authorization from the federal executive. The said agencies already have knowledge of the places where these works must be suspended.

Second. That the said chief of the military operations in the Huasteca issue his order to the respective chiefs of the forces that guard the Camps of Tepetate, Chinampa, Juan Casiano, Naranjos, etc., in order that the military escort that they may deem sufficient to accompany the petroleum inspectors commission for this purpose to the different places where the rebel companies are executing works related with the petroleum industry without due authorization and that they proceed to suspend immediately such works.

Third. That the said petroleum inspectors, in accordance with the instructions already given them by this department, make out a record or act of paralyzation of such works, which they will sign in company with the military chief or chiefs that accompany them and intervene in the paralyzation of the works. Of said records copies will be sent to that department as well as to this department.

Fourth. The military chiefs that assist in the paralyzation of the works being carried out without due authorization, or else those who may substitute them in the command of the forces of the different regions, will keep guard of the camps and avoid and prevent the suspended works from being renewed until this department communicates to that department of war and navy, and this, in turn, issues the corresponding orders to the military authorities intrusted with the fulfillment of this accord of the C. President of the Republic, that the works may be resumed.

Anticipating to you my thanks for the orders and dispositions which you may kindly dictate in order to carry out this accord of the C. first magistrate of the nation, it is my pleasure to reiterate to you the assurance of my attentive consideration and particular appreciation.

CONSTITUTION AND REFORMS,

MEXICO, May 16, 1919.

The Subsecretary in Charge of Office.

(Signed)

J. VAZQUEZ SCHIAFFIANO.

To the Chief Clerk in charge of the Department of War and Navy.  
Present.

INSTRUCTIONS GIVEN TO THE CHIEF OF INSPECTORS OF THE AGENCIES OF PETROLEUM  
IN TAMPICO AND TUXPAM.

(These are contained in Office Number 01081, dated May 17, 1919, issued by the Department of Industry, Commerce, and Labor, and signed by J. Vazquez Schiaffino as subsecretary of this department.)

In order to make clear to you all what relates to the works which must be suspended, we wish to state that they include all those which deliberately have as their immediate object or purpose the drilling of oil wells, the installation of pumps and casings for its transportation and tanks for its storage, not comprising the works which are preparatory to the establishment of refineries, pump stations, or of storage or pipe lines for the installation of which those interested may be endeavoring to secure the respective authorization of the Government.

Finally, we recommend to you that in the records to which clause 3 of the accord of the C. President refers, there should be stated with the largest number of details possible the state or conditions in which the works were at the moment of being suspended, this for the purpose of being able to verify, in case it should become necessary, that the works were not continued after having been suspended.

[From the National Association for the Protection of American Rights in Mexico, 347 Fifth Avenue, New York City.]

#### MEXICANS RAID OIL CAMP.

A telegram from Tampico, Mexico, dated July 17, 1919, was received by the National Association for the Protection of American Rights in Mexico to-day (Friday) indicating that the camp of the Atlantic Refining Co., near Port Lobos, Mexico, was raided and the semimonthly pay roll of \$10,000 stolen.

The raiders are believed to have been Carranza soldiers as the same camp was entered on July 3, 1919, by Federal soldiers who, after stealing supplies, carried away with them a Ford automobile, which was later found by the roadside in a wrecked condition.

To THE EDITOR: An interview appeared in the New York Times of this morning with Gen. Candido Aguilar, through Manuel Carpio, the chief of the Carranza propaganda service in the United States, as interpreter. Remarks attributed to Gen. Aguilar, which we beg leave to correct, may, therefore, be due to the mistranslation or overzealous propagandism.

The fact is that on May 16 of this year orders were issued by the Mexican Petroleum Commission to Mexican military authorities in Tampico and Tuxpam to accompany petroleum inspectors to stop the drilling of wells on properties of American and other foreign companies which were drilling in their own lands without "permits." The "law" provides that before permits may be issued foreign companies must make admissions tantamount to cancellation of their property rights, confessing that the Government and not they own the lands. They have refused to make such admission. The United States State Department has received a copy of this order. Acting under this order, on June 10 the general in command in the Tampico district appeared at the derrick of the Panuco-Boston Oil Co. with armed forces and forced the American drillers to leave the rig, stopping the drilling. Other American and foreign companies drilling have been notified their work will be stopped by military duress in the same way. Nevertheless, Mr. Aguilar is quoted as saying, "We have no desire to and shall not disturb the private owner so long as he works the resources," and as to the order to stop drilling by force of arms he is reported to have said, "I know that no such order was ever issued."

He says, "The only order issued has been that the Mexican law be enforced." The "Mexican law" to which he refers is a decree forbidding drilling in the lands of foreign companies unless they admit Government ownership.

Mr. Carpio reports Gen. Aguilar to have said, "We are looking toward a taxation system that will be fair and equal to all, whether they be Mexican or American." The fact is no Mexicans are producing and selling oil except locally. There are no taxes levied on local sales of oil, whereas on export of oil a tax is already levied and being paid equal to from 25 to 50 per cent of the value of the oil in the port. This tax the American companies are paying, together with all normal taxes paid by all Mexicans on industry and conduct of business, plus a bar due and plus a monthly imposition of \$100,000, American currency, for "dredging" of the Tampico Harbor, which dredging was actually completed two months ago. Failure to pay the "dredging" tax results in stoppage of shipments by the delinquent company.

Gen. Aguilar is quoted as saying, "Credence is given to stories, to individual stories, which have no basis in facts." He very evidently had reference to the tragedy of the Carrell family, which happened within 20 miles of Tampico, in Carranza territory, because he always says, "The fact is that the Carranza Government is in complete control of the country." This story was given out by this association and thoroughly confirmed by our State Department. On the correctness of this actual barbaric happening he strives to cast discredit. We can not believe that an accredited officer of the Mexican Government made the misstatements attributed to Gen. Aguilar, and must believe that a misunderstanding arose in the process of the interpretation of the interview he granted.

NATIONAL ASSOCIATION FOR THE PROTECTION OF  
AMERICAN RIGHTS IN MEXICO.

[From the National Association for the Protection of American Rights in Mexico, 347 Fifth Avenue, New York City.]

#### MEXICAN REBELS MASSACRE PASSENGERS.

Details of one of the most horrible massacres ever perpetrated in Mexico have just been received by the National Association for the Protection of American Rights in Mexico. No word of this affair has yet reached the American press because of the vigilance of the Mexican censors.

A passenger train of the Mexican Railway running between Mexico City and Vera Cruz was attacked at 10.25 o'clock on the morning of July 19, at a point between Huamantla and San Marcos, less than 100 miles in a direct line from the capital of the Republic. As the train approached kilometer 170 two bombs were exploded simultaneously under the train, between the car carrying the military escort and some express cars. After the explosion the rebels opened fire on the terrified passengers. The railway officials estimate the number of dead at 60 persons.

The explosion uncoupled the engine and express car from the rest of the train and the engineer ran at full speed to the next station and reported the disaster.

Among the passengers were about 20 boys from the German College at Puebla, all wearing the uniform of boy scouts. Enfuriated by the appearance of these boys in uniform, the rebels opened fire on them killing 12 and carrying the rest away to San Andres Chalchicomula.

One of the bombs exploding under the military escort car blew many of the soldiers to bits. Some of the troops escaped with the uninjured passengers to the brush, but a colonel, a lieutenant colonel, a major, and a company officer were killed while defending themselves against the rebels. These officers were traveling on private business.

The injured passengers were killed by the rebels who crushed their skulls with stones. Federal troops finally arrived and reports say almost annihilated the rebel band which numbered about 500.

The complete death list may never be known, but the railway officials say it will aggregate 60 persons.

The attack on this train caused the most intense excitement in Mexico City when it became known.

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[From the National Association for the Protection of American Rights in Mexico, 347 Fifth Avenue, New York City.]

The following letter dated July 15 has been sent to Señor Ugnacio Bonillas, the Mexican ambassador at Washington, by C. H. Boynton, executive director of the National Association for the Protection of American Rights in Mexico:

"We have read with interest your interview of yesterday as published in the New York Times of to-day.

"Your undoubted purpose to foster friendly relations between the Government and people of Mexico and the Government and people of the United States has our heartiest indorsement. We believe, however, that such relations can only be established and maintained on the basis of existing facts squarely faced and frankly recognized and that evasion or misrepresentation can only make an already bad situation worse.

"In speaking of the United States you say, 'You did not think of complying with the international obligations after the Civil War until you had pacified your country and that was 15 or 20 years.' Happily the public in the United States is aware of the facts from common knowledge. The United States has never defaulted on any international obligation at any time and it did not take 15 or 20 years to pacify the country after the surrender at Appomatox. Your error is of service since it sets a convenient standard for judging the other statements in your interview.

"The constitution of Mexico plainly declares that petroleum deposits belong to the nation. President Carranza has issued a service of decrees providing that upon the payment of rental and royalties the petroleum as national property may be extracted by Mexicans. The Government of the United States has declared that this constitutes confiscation. The controversy is nearly 18 months old and has never been so acute as now. Does it not border on cynicism for you to say that your Government is not planning confiscation of oil. Who can this deceive or how can it reinforce relations between our respective

countries. The case of the American oil producers is clear and is of record in our State Department. No proper purpose can be served by denying known facts or misrepresenting the consistent attitude of the oil companies. The oil companies have paid and are paying excessive taxes. They have uncomplainingly submitted to and are submitting to all regulations, police and otherwise. It is gratuitous and conducive to unfriendliness for you to say, 'The oil men do not want any restrictions of law at all.' This is not true as you must know. They do not consent to having their lawfully acquired properties taken from them. This is the sole issue for the present. Accusations against the companies do not clarify it or help to solve it.

"Are the oil pay rolls being robbed between Tampico and the camp in territory which your Government claims to control? Then why should not oil companies be allowed to use aeroplanes to cross this danger zone? Why does your Government refuse such permit? We do not desire to be captious, but we submit that you can not with reason insist that 'stories about banditry which are published here are not known throughout Mexico and we logically get the conclusion that they are inventions of enemies of the Government' and at the same time plead that 'two-thirds of the revenues of the country are being devoted to that purpose' (to pacify the country) said two-thirds being virtually equivalent to the maximum national income of the Government in the days of President Diaz.

"It is gratifying to hear that the lives of foreigners and foreign property are to receive protection from your government and that 'they have caught a number of assailants of Americans and whenever they catch them they are given a passport to where they won't do any more damage.' We are interested to learn the details of the punishment and the names of those punished for the murder of these Americans: House, Millard, Esparola, Cooper, Stevenson, Franklin, Rose, Correll, Moye, and Morgan.

"It does not seem necessary to go into further particulars to disclose our further convictions that your interview is misleading and calculated to increase the difficulties which you state you wish to remove. We shall be glad, however, if you wish, to discuss with you the other statements in your interview. Facts are facts and can be established. We stand ready to cooperate with you to this end."

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MEMORANDUM.

JULY 1, 1919.

Information on file in the offices of the National Association for the Protection of American Rights in Mexico shows that in the Tampico district, in which the Correll outrage was perpetrated, no fewer than 112 crimes of various sorts were committed between August 15, 1917, and February 5, 1919, a period of 539 days. This gives an average of an outrage against American citizens every 4.8 days in a single small district of Mexico.

The outrages include 11 murders, 3 captives held for ransom, 14 wounded and \$161,953 stolen. This summary does not include beatings of Americans, nor other indignities, but only wounds with deadly weapons. It does not include Mexican employees or other nationalities; it does not include a large amount of property for which no specific value is named; it does not include burnings of oil tanks and reservoirs, nor dynamiting of bridges nor similar pleasantries.

The same gang which perpetrated the Correll outrage attacked and sacked the hamlet of Altamira earlier in the day.

The tract on which Correll was killed is the same on which Robertson, an American, was killed two years ago. Ward, another American, was attacked in the same place, but killed his assailant.

Articles read by the Corrells were press stuff given out by Carranza publicity bureaus in Washington and New York and widely published.

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STATEMENT OF JOE CORRELL.

TAMPICO, TAMAULIPAS, *June, 22, 1919.*

My father, John Correll, my mother, Mary Correll, and myself, Joe Correll, came to Mexico about two months ago from our home at Ada, Okla. We had read in newspapers articles and interviews stating that conditions in Mexico were again normal, and we thought judging from these that we would be safe.



Upon arrival here my father purchased a tractor and other agricultural implements, and we proceeded to get our land at Colonia, which is about 20 miles northwest of Tampico, in shape so as to get in a crop.

Last Monday, June 16, at about 10 o'clock in the morning, my father, mother, and myself were at our home when about 40 men came there, and searched our house, taking away all our clothing, all the food we had and also a rifle which my father had. After doing this they all left but four of the men. These four men went into the house, and tore down all the curtains, shelves, etc. They afterwards marched me around on the outside of the house punching me with their rifles, when I made a break for the brush. They fired at me as I ran, one bullet grazing the collar of my coat. They then commenced to maltreat my mother, and my father went to protect her, when they killed him, shooting him once through the head and once through the breast. They followed me to the brush, but did not find me. They robbed everything we had in the house, including bedding and silverware. I can not describe the horrible treatment my mother suffered after my father was killed.

We are Americans; my mother and myself were born at Ada, Okla.; my father in Tennessee, but I do not know the name of the place. I am 16 years of age.

As soon as we can dispose of our agricultural implements we will leave for our home at Ada, Okla.

JOE CORRELL.

The above statement made by my son is true.

MARY CORRELL.

The following letter was received by C. F. de Ganahl, president of the Southern Oil & Transport Corporation, of No. 120 Broadway, from a correspondent in Tampico, whose name can not be given without exposing him to risk of reprisal, which said among other things:

"The details connected with the raping of Mrs. Correll are revolting in the extreme. This band, who are nothing but bandits, have had their headquarters at Mesquites, about 50 kilometers up the Tamesi River, for many months, and have never been molested. About six weeks ago R. A. Bishop and William Bell, who went up there to look at some mules, were captured by these bandits and had to put up 300 pesos to get away. American ranches at Manuel and Chocoy have been raided and robbed by these people a dozen times in the last six months, and no effort has been made to capture them.

"Now, right on top of this murder of an American citizen and the brutal outrage of an American woman, there is published in the very district in which these crimes are committed an official statement by Summerline, first secretary of the American Embassy in the City of Mexico, that no attention should be taken of the resolution of Representative Gould to investigate outrages upon Americans.

"This is certainly a declaration of an open season upon Americans."

Some members of the National Association for the Protection of American Rights in Mexico propose to lay this crime, which is typical of a long list of similar affairs, before the executive committee at its meeting next Tuesday, with the request that the association make it a test case to ascertain whether or not American citizens are to receive protection from their Government.

Inquiries at Washington disclosed the fact that the Correll case had been reported to the State Department, and that the department had made representations regarding it to the local authorities at Tampico and to the Federal Government at Mexico City.

[From the National Association for the Protection of American Rights in Mexico, 347 Fifth Avenue, New York City.]

PRESSING FOR SOLUTION OF THE MEXICAN PROBLEM.

NEW YORK, *June 20, 1919.*

Recent events on the border have stimulated the activities of the National Association for the Protection of American Rights in Mexico, which is seeking an early satisfactory adjustment of our relations with that distracted country. After a meeting of the executive committee of the association, at 120 Broad-

way, to-day, Charles H. Boynton, the executive director, gave out a statement in which he said:

"The association is just beginning an active campaign to enlist the largest possible membership in order to carry out the purpose for which it was formed, namely, to arouse, organize, and lead public sentiment which would support the Government in taking forthwith whatever steps may be necessary to secure that protection for the lives and property of American citizens in Mexico which every Government owes its citizens wherever they may be, and to compel that respect for the American flag which has been so conspicuously lacking on the part of Mexico for the greater part of 80 years.

"In this undertaking cooperation is invited, not alone from investors who have interests in Mexico and from colonists driven from thence after members of their families to the number of more than 300 were slain and all their possessions stolen or destroyed; but also from every patriotic citizen who realizes the menace to the security of the Nation presented by existing conditions in the neighboring country which first put in practice the mad theories that have destroyed Russia, and who wants to see our Government recognize and discharge its fundamental duty of protecting its citizens.

"We have just sent a field secretary into the Southwest to start a campaign for membership, and another to the Pacific coast, where there are a good many persons interested in Mexico, from the small colonist who has seen the savings of a lifetime destroyed by marauding bands to the larger industrial concerns; and we are preparing to organize other sections of the country.

"I had the pleasure of reading to the executive committee a telegram from Acting Secretary of State Polk in response to our message calling attention to the danger that Americans in Mexico might become victims of Villa's vengeance, saying that all that was practicable under the circumstances was being done to protect them.

"Private advices received by members are to the effect that revolution in southern Mexico is bursting into flame once again as the direct result of Carranza's withdrawal of troops for the campaign against Villa. Conditions are worst in the States of Vera Cruz and Puebla. Moreover, conditions in the state of Oaxaca are believed to be worse than press reports indicate, as Gen. Pablo Gonzales has postponed retirement from active military service in order to take charge of the campaign. In fact, confusion seems to become worse confounded from day to day in that unhappy country."

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[From the National Association for the Protection of American Rights in Mexico, 347 Fifth Avenue, New York City. Substitute for story sent earlier.]

#### AMERICANS MURDERED IN MEXICO NOW TOTAL 396.

Early in July the National Association for the Protection of American Rights in Mexico made public a list of 317 American citizens murdered in Mexico since 1910, compiled from data on file in its own office, calling attention to the fact that the list was far from complete. On July 22, Henry P. Fletcher, American Ambassador to Mexico, submitted to the Committee on Rules of the House of Representatives, a list of 215 American citizens murdered in Mexico, which, he said, was hastily prepared and incomplete. This list included 74 names not included in the association's original list. In addition to this the association has received since its original list was published information of five more murders, making the grand total known to date 396. This is believed to be still far below the actual number.

Following are the five murders not included to any published list:

McCoy, Allen, sr., Ayutla, Jalisco, September, 1913. Bandits calling themselves Carranzistas. McCoy died in the United States from his wounds, after losing his mind. His wife, son, and daughter-in-law were all severely injured in the attack. Son, Allen, jr., is still an invalid.

Otto, Miguel, Sonora, June 1, 1919. Yaquis.

Pottenger, C. C., near El Paso, Tex., 1915. Bandits. A brother-in-law of Gen. Roy V. Hoffman, who commanded Oklahoma's troops in the World War.

Saule, C. M., between Conelas and La Mesa Guadalupe, Durango, 1915, by armed Mexicans.

Wright, ———, Chihuahua, by Villistas. Murdered in the presence of his wife, who was then abused by a number of the gang.

[From the *National Association for the Protection of American Rights in Mexico*, 347 Fifth Avenue, New York City. Not to be published before Aug. 24.]

### MEXICO HEADQUARTERS FOR GERMANY'S NEXT WORLD WAR.

NEW YORK, August —.

"Within six months after the United States ratifies the treaty of peace Germany will have complete economic control of Mexico. Within a very few years, if they are permitted to carry out the plans they have formulated and are now executing as rapidly as they can, the Germans will have absolute economic, political, and military control of Latin-America with headquarters in Mexico. Then they will be ready to attempt once more the realization of their dream of world conquest," said Dr. P. B. Altendorf, late of the United States Military Intelligence Department, who operated in Mexico from July, 1917, to April 1, 1919. His experiences constitute the most interesting spy story of the World War yet made public.

Dr. Altendorf is accompanied by ex-Lieut. John E. Daugherty, who had charge of the Mexican division of the Military Intelligence Department at Fort Sam Houston, near San Antonio, Tex. Through Lieut. Daugherty instructions were issued to the more than two score agents of the department operating in Mexico. It was his task to read their reports and also volunteer reports from others and collate and compile the information they contained for the use of his superiors. In civil life Lieut. Daugherty is a member of the law firm of Cobbs, Cobbs & Daugherty, of San Antonio, Tex.

Realizing that they possessed information of transcendent importance to the Nation, and that it was buried in the archives of the Military Intelligence Department whence it was not likely to be resurrected, Messrs. Altendorf and Daugherty determined, as soon as they were discharged, to make it public if they could properly do so. To determine this point they went to Washington where they took the precaution of ascertaining that they would be within their legal and ethical rights in revealing what they had learned in Mexico and that they would not embarrass the department in doing so. Having settled this to their satisfaction, Messrs. Altendorf and Daugherty came to New York to seek the assistance of the National Association for the Protection of American Rights in Mexico in making public the information Dr. Altendorf had gathered by great hardship and at the risk of his life. Before affording Dr. Altendorf any facilities the National Association for the Protection of American Rights in Mexico investigated his claims. Gen. Marlborough Churchill, the head of the Military Intelligence Department, spoke in terms of the highest praise of the zeal and trustworthiness of Dr. Altendorf and of the great value of the services he rendered.

### HELD COMMISSION IN GERMAN AND MEXICAN ARMIES.

"I am, I think, qualified to speak with authority about German and Mexican activities against the United States," said Dr. Altendorf, "for I was in the confidence of Von Eckhardt, the German ambassador to Mexico, and of Carranza, each knowing that I was the trusted agent of the other. Indeed, I was appointed a captain in the German Army by direction of Von Eckhardt and a colonel in the Mexican Army with the approval of Carranza. In this dual military capacity I helped train 900 German reservists in Sonora, who were to form the nucleus of a German-Mexican army of 45,000 men which was to invade the United States simultaneously with the last great German drive in France and on the sea in July, 1918—and in my true character as an American Secret Service agent I prevented the raid from being carried out.

"It was this that made me exceedingly unpopular with Gen. Elias Policarpo Calles, Carranza's governor of Sonora, and the most rabidly pro-German of Mexican officials. Gen. Calles even went so far as to offer 20,000 pesos for me, dead or alive. I heard of this offer in good season and left Sonora in so much of a hurry that my trunks are down there yet—unless some Mexican has borrowed them. Also I have a nice new grave in the jungle near Guaymas, Sonora, which I am not yet ready to occupy. R. W. Schwiertz, a German agent, paid for digging the grave and arranged to put me in it because I checkmated his plans for a German-Mexican expedition into the United States by creating the suspicion that he was an American spy."

Dr. Altendorf explained that he was the son of a Polish banker in Cracow, Austrian-Poland, with all a Pole's hatred of Austria and Germany, and that

he abandoned a medical course at the University of Vienna and fled the country to avoid serving in the Austrian Army, and continued:

"When the World War began I was practicing in Merida, capital of Yucatan. In 1915-16 the Germans, with the open and active assistance of Alvarado, the Carranzista governor of Yucatan, were doing their utmost to turn that part of Mexico into an outpost of Germany. I tried to get out of the country to give the Allies information I had gathered about Germans; but because I was an Austrian subject the steamers of the Ward Line, the only one calling at Progreso, would not carry me.

"After a highly dangerous journey of 300 miles in launches along the coast and of 175 miles on a push car carried by peons from break to break in what the Felistas had left of a railroad, I finally reached Mexico City in July, 1917, determined to devote my energies in thwarting the machinations of the enemies of Poland as a volunteer secret service operative."

#### BECOMES A GERMAN SPY.

"Arriving in Mexico City, I went to the Hotel Juarez, a prominent German house, kept by Otto Paglasch. Here I had the good fortune to meet Kurt Jahnke, head of the German secret service in Mexico, under favorable auspices, and within three days was offered a job as a German spy to operate against the United States for Jahnke. With pretended reluctance, but with secret joy, I accepted, and at once found myself in a position to render valuable service to the Allies in general and to the United States in particular. Within a few days I opened up a medium of communication with the border, through which I made my first report as a volunteer worker to the Military Intelligence Department.

"Naturally such a report was accepted with reserve until it had been very carefully checked up. Other reports which I sent through at frequent intervals were also carefully scrutinized.

"After five months' work as a volunteer an opportunity was afforded me to be regularly sworn in as a special agent of the Military Intelligence Department, in which capacity I continued for 15 months longer. Here is a partial list of my services:

"First of all, I so completely won the confidence of Kurt Jahnke, the head of the German secret service in Mexico that on one occasion I was left in charge of Jahnke's office during that person's absence for a period of 13 days. Thus I had full opportunity to learn all the secrets of German activities. I also won the entire confidence of von Eckhardt and of Carranza, and was praised by both for my supposed work against the United States."

#### CARRANZA AND VON ECKHARDT COOPERATED.

"I delivered into the hands of the United States military authorities the German agent Lathar Witcke, alias Pablo Wabirski, the most important individual capture of the war, so far as America is concerned. Wabirski boasted to me that he had blown up several munition plants and stores of explosives, including the Black Tom explosion in New York, resulting in the death of a number of persons, including women and children; blew up some ships; and caused disastrous fires in the forests of the Pacific Northwest. He also boasted of a number of individual murders, for all of which services he had been decorated by Germany with the Black Eagle of the second grade, with two bars. Wabirski was on his way into the United States by way of Nogales, Ariz., on another mission of murder and destruction when captured with me. On his person was found a copy of the German imperial code, and this is understood to be the first time that code came into the possession of the American Government. Wabirski was court-martialed, and from the fact that his case is before the President for review, is believed to have been sentenced to death—the only German spy to receive such a sentence in the United States.

"I also caused R. W. Schwiertz, another active German agent, to be suspected of being an American spy and forced him to flee in haste from Sonora where he was in command of the proposed German-Mexican expedition into the United States, which was to be synchronized with what the Germans hoped would be the final triumphant drive in Europe in July, 1918. I also established the fact that this ambitious scheme was financed by Von Eckhardt, and was undertaken with the cooperation of Carranza. As a German captain and a Mexican colonel I was assigned to help train the 900 German reservists who were

to form the nucleus of this expedition, to be joined by Germans across the border and by the negroes, whom the Germans fondly hoped to incite to massacre the white population of the South, and thus prepare the way for kultur. The hasty flight of Schwiertz spoiled this scheme.

"I also betrayed 58 other German agents and thus enabled the Military Intelligence Department to keep effective watch on them, not to mention some renegade Americans who were giving aid and comfort to the enemy. Here are their names: Kurt Jahnke, head of the German secret service in Mexico; Carl Goebel, Herman Goedke, ——— Reinman, W. Bauer, Richard Auch, ——— Wentz, ——— Mayer, Jose Ribe, ——— Brockdorf, Salvador Zamaro, Otto Paglasch, Lazaro de la Garza, Lady Vinche, Max Boeder, Carlos Kettenbach, Count Grafenbourg, Fred Halle, Leiber Armonos, Willy Krotzsch, Manuel Tijada, ——— Walter, Francisco Durand, Max Marx, Beatrice Martinez Pena, ——— Pollis, ——— Umberle, Franz Waldner, J. Hanhausen, Conrad Staplefield, Dolores Betancourt, Ernesto Weinaug, Fred March, Otto Steyert, Otto Conrad, Luis Maria Elodia Ramirez, Anchea de Garbo, Juan Ursua, Arturo von Brandt, Pirre Fremontee Rodynko, Albert Mason (captured), ——— Mendez, (1 of 3 brothers), Edmundo Will, ——— Helmcke, Victor Minopio, Guillermo Wulff, Viuda Mandel E. K., E. Haeflich, ——— Climmons, Y. Steyert, Rafael Martinex, Gandro Gottipelli, Luiz Palarios Vda (Mendex), John von Brandt, Ludwig Rueter (captured), Carl Jacobson (captured), Mario Mendez (1 of 3 brothers), ——— Mendez (1 of 3 brothers).

"This was a German traveling under various aliases whose real name is unknown. He made six trips to Europe during the early part of the war carrying as many loads of high explosives and then went to Habana to assassinate Gerard, former American ambassador to Germany. I obtained the details of this affair afterwards and was thus instrumental in thwarting plots against other prominent Americans.

"I discovered and prevented a plan to wreck a large American copper mine at Pitiquito, near Caborca, Sonora, the structural steel to be taken to Mexico City to help in building a German munition plant. I discovered and reported that the Germans in Mexico were importing special maps of the United States to assist in schemes to wreck munition and other factories, destroy grain crops, and do other damage.

"The German plan to have Carranza confiscate the Mexican steamer *Morelos* and sell it to the Germans for supply ship for submarines was spoiled by frightening the owner into selling the steamer to an American company. I discovered two German wireless stations in Mexico which could receive but could not send messages to Germany and prevented an attempt to build a plant strong enough to send also. This information enabled the American authorities to establish plants along the border to interfere with the German stations and thus partly prevent them receiving. I reported in April the fact that German submarines were to raid the American coast in May, 1918. The submarines appeared on the day foretold by me. This was information of naval importance. I reported agents sent by Germans in Mexico to poison cattle in the United States, and foiled an expedition by four Germans to wreck hydroelectric plants at Niagara Falls by reporting them in due season.

"German mail and money was transmitted from Germany in submarines to Spain and thence to Mexico via Cuba in Spanish steamships with almost the same regularity and ease as before the war. This information was forwarded to the United States as well as a long list of renegade Americans, smugglers, I. W. W. organizers, and anarchists, and thus enabled American authorities to checkmate their criminal activities to a very large extent.

"I also confirmed a fact which helps to explain the character and extent of outrages on American citizens in Mexico. I found that the Germans were circulating the most extravagant stories, one of which was to the effect that Mexico had declared war on the United States and that therefore all Mexicans were free to destroy American property, murder Americans, and do whatever else they pleased with them. This propaganda was carried on with the active assistance of Carranza, who personally signed an order that *El Democrat*, the leading German organ, should be sold on all trains, and forbidding the sale of *El Universal*, which attempted to present news impartially."

#### MEXICO AN ACTIVE ENEMY.

"The first attempt to carry out an ambitious German scheme for the economic conquest and ultimate domination of Mexico was a plan originated by the German consul, Rademacher, at Guaymas, with the active aid of Gov.

Calles, to build a cement plant with a capacity of 90,000 bags a month at Hermosillo, Sonora. The foundations were completed and materials for the superstructure were on the ground in July, 1917, and the machinery was on the way from the United States when I reported the scheme in time to stop it and the factory had to be abandoned until after the peace treaty had been signed. This factory was to furnish the cement for rebuilding piers and other structures and building new ones along the west coast. This was to be an evidence of good faith on the part of the Germans which would demonstrate their capacity to build up the country. One of the considerations they expected to get was a coaling station at Acapulco, not far from the Panama Canal.

"The American people ought to know that Mexico was not a neutral during the war, but an enemy, active to the extent of its limited capacity. Whenever a soldier of Germany or an allied nation set foot on the soil of Holland, which really was neutral, he was interned for the duration of the war. Mexico gave no fewer than 80 German officers commissions in the Mexican army and assigned them to train troops for service against the United States. German uniforms were worn so commonly in Mexico that even the local Mexican papers complained about it. Moreover, by Carranza's direct orders Mexican telegraph wires were thrown open to German code messages. I personally carried instructions from Carranza to Gov. Calles to permit the spy Witcke, alias Wabirski, to send code messages freely. I am not versed in international law; but if this was not an act of war, it seems to me it must have been something akin to it.

"If it will make the fact of Mexico's enmity any stronger I should like to add that high Mexican officials were on the pay roll of the German Embassy. For example, Mario Mendez, director of telegraphs, received a salary of \$600 a month from von Eckhardt. His brother, a senator with influence, received the same salary. A third brother who had a position in the post office also received \$600 a month for opening and reading private letters and passing the information along to the Germans.

"Late in November, 1917, I personally carried a request from Gov. Calles, of Sonora, to Rademacher, the German consul at Guaymas, for \$150,000, saw the money put in a bag and carried the bag, accompanied by Rademacher, to Calles.

"I was able to discover that von Eckhardt had guaranteed to Carranza an abundance of capital to turn Mexico into an industrial country. In fact, von Eckhardt went to Germany last April for the express purpose of financing German corporations and perfecting other arrangements for building great chemical plants, textile factories, tanneries, and all the other industries necessary to make Mexico independent of the United States and Europe.

"As soon as the treaty is ratified there will be a hegra of a quarter of a million Germans from the United States who will take with them to Mexico \$400,000,000 capital. There are already 150,000 Germans in Mexico and German immigration on a large scale will soon turn the country into a German colony."

#### GERMANS PROMISED MONEY.

"The activity of Carranza in driving Americans out and confiscating their property is explained by the fact that Germans with plenty of money stand ready to pick up the property at bargain rates.

"Carranza's plans for acquiring American property do not always go through without friction. In June of this year he sent two emissaries, Arturo Rivas and one Toledo, to Pelaez, the so-called bandit who dominates the Tampico oil fields, with a letter offering Pelaez \$200,000 in cash and the position of governor of the State of Tamaulipas if he would hand over the oil properties there so he could sell them to Germans. Pelaez refused to see the envoys and so the deal had to be declared off, much to Carranza's disgust. I have this information from Rivas, who still believed me to be a German agent.

"The full significance of all this becomes apparent when I tell you, further, that part of the German scheme provides for great munition plants at Mexico City, which will make it unnecessary for Mexico to import war materials in future. The treaty of peace restricts the manufacture of munitions of war in Germany, but it doesn't say anything about Germans manufacturing as large quantities as they please in Mexico. Thus there is no practical difficulty in the way of Germany's plans for the next war.

"For one thing, there will be no lack of submarine bases and other conveniences. Chile is already practically a German colony and Argentina is rapidly

becoming one. German agents are active everywhere in Latin America, and the newspapers have told us there is to be extensive German emigration to that part of the world in the near future. The result of the war did not end the German dream of world conquest; it merely delayed it."

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[National Association for the Protection of American Rights in Mexico, 347 Fifth Avenue, New York City. Not to be published before Aug. 31.]

#### RUIN OF MEXICO IS NOW COMPLETE.

NEW YORK, August 30.

"Mexico has ceased to exist as a nation, political disintegration is complete, economic decay and social degeneracy are far advanced, and many of the people have succumbed to starvation and disease," said Dr. Paul Bernado Altendorf, who has lived in Mexico since 1914, and who operated there as an agent of the Military Intelligence Department of the United States for 20 months. He is telling some of the things he learned in that stricken land in a series of interviews arranged at his request by the National Association for the Protection of American Rights in Mexico, in the hope that he may arouse the American people to a realization of the increasing peril south of the Rio Grande.

"Since 1914 I have been in 22 of the 27 States constituting the former Mexican Republic, and in most of them in the last two years, traveling almost continuously on foot, on mule back, in boats, and on the few trains that are still running," continued Dr. Altendorf. "I traveled as a German; for no one but a German is safe in Mexico.

"Speaking from the fullness of first-hand knowledge thus acquired, it seems to me a joke to call Carranza's administration a 'government.' No real government exists south of the Rio Grande, except such authority as a thug with a gun exercises over an unarmed victim. Mexico is nothing more than an agglomeration of anarchist gangs who kill and plunder with no restraint but their own caprices.

"The so-called 'rebels' are no more nor less than banditti. To discriminate between Carranzistas and other banditti is to make a distinction without a difference. All alike live by plunder.

"Of these rebels or banditti there are 100,000 men operating in gangs of 40 to 4,000 under 37 known leaders of importance, who hunt in definite territories. In addition there is an unknown number of smaller fry who operate independently at times and again seek allegiance to some larger gang when they need protection.

"Included in this 100,000 banditti are about 58,000 men who part of the time claim to be Carranzistas and who do actually serve under his banner when expedient.

"But that is not all the story. Carranza's actual, dependable military strength is 67,000 men. These men are banditti like all other Mexicans who own a gun. They kill and rob just the same as any so-called 'rebel.' In fact, that is the way most of them get their supplies and their pay. That is also the way they make their officers rich; and in this connection it is well to remember that the Mexican Army has a higher ratio of generals and colonels and majors than any other military organization on earth. Nearly all the robberies of paymasters, so frequent in the oil region, are committed by Carranzistas."

#### PREYING ON THE FOREIGNERS.

"The point is that there are 167,000 armed men preying indiscriminately upon natives and foreigners in Mexico. The men at the top get the largest share of the swag; make no mistake about that. Carranza is reputed to have \$15,000,000 on deposit in Chilean banks. His son-in-law, Gen. Aguilar, has suddenly become worth \$4,000,000. Villa has cleaned up about \$18,000,000, part of which he has used to finance his raids and to buy such luxuries as three-thousand-dollar bath tubs and other things of that sort that a bandit king needs to maintain his prestige. The rest is on deposit in banks in El Paso, St. Louis, New York, and elsewhere, but none of it in his own name.

"Gen. Pablo Gonzales, a Carranza general and presidential candidate, who was a railroad conductor prior to 1914, now a candidate for the presidency,

is reputed to be worth \$6,000,000. He owns extensive properties in San Antonio, held under various names. Gen. Enriquez, civil governor of Chihuahua, formerly a common laborer, is now worth \$500,000. Gen. Carasca, in command at Mazatlan, a few years ago a porter earning \$1.50 a week, is worth \$500,000 now. Gen. Iturbide, a poor clerk a few years ago, is now well-to-do.

"Gen. Calles, former governor of Sonora, now in command of the troops there and consequently the real ruler, saved more than a million dollars in two years out of a Government salary. His son, 21 years old, is already a colonel. Gen. Manzo, recently a basket peddler, is now worth several hundred thousand dollars. Gen. Francisco Murguia, formerly a poor farmer (a former dictator of Chihuahua) is worth \$1,500,000. Alvarado, who cleaned out Yucatan, is a millionaire.

"The minor bands pick up whatever they can, hesitating at no atrocity. Men have been murdered for an old straw hat in Mexico. In Acaponeta, Territory of Tepic, in April, 1918, I saw the body of a poor man who had been murdered for his new straw hat, costing \$1.25. The two Carranzistas who shot him openly boasted that the sole object of the crime was to get the straw hat. They were not even arrested. A man suspected of having a revolver is already condemned to death; for a revolver is all that is needed to set a Mexican up in the bandit business; while a revolver and a good Stetson hat together constitute him a general."

#### TORTURE USED TO EXTORT MONEY.

"Torture is often resorted to, sometimes to extort money, and sometimes out of pure fiendishness. In this connection I should like to mention that a large porportion of Mexicans, officers as well as men, are dope fiends. They smoke mariguana, which is made from the loco weed familiar to cattle men in the Southwest, which has an effect like hasheesh. They will not go into battle without a dose of mariguna, which imparts a sort of false courage. In fact, the marching song of the Carranzistas is The Tumblebug, a free translation of the first of the hundred verses of which one is as follows:

"I can not march longer  
Because there is lacking  
Mariguana to smoke."

"The results of bandit rule are appalling. Mexico is sunk to the uttermost depths of degradation and misery. The greater number of the stores in Mexico under the Diaz régime have been looted bare and now stand empty and deserted, with windows broken and the buildings more or less wrecked. The same thing applies to factories. Such industries as Mexico once had are now irreparably damaged. Many manufacturing plants have been destroyed; many others are not operated because Carranza or some other chieftain would seize the product. One copper mine, representing an investment of \$1,500,000, near Chihuahau City was wantonly destroyed the present year. This happens to be one of many instances of destruction that came under my personal observation.

"Even the plants which might be operated so far as other obstacles are concerned can not obtain labor. The peons would rather join Carranza's army or some other bandit gang and take chances on getting a share of the loot than to earn a living by honest work. Even the farmers do not put in more than enough crops to afford their families a bare existence because of the certainty that the whole would be confiscated."

#### MANY DYING OF STARVATION.

"As a direct consequence of this almost complete stoppage of useful labor the annual death rate from starvation or from diseases due to malnutrition is 100,000. I myself saw in 14 months of 1917-18 no fewer than 5,000 persons dead or dying from starvation or from diseases they were too weak from lack of food to resist. On one occasion while journeying in the State of Vera Cruz I was called into a hovel in which three elderly persons were dying of starvation. Next door seven children lay on the floor too weak to move, also dying of starvation. In Tepic, especially, people are dying like flies from starvation.



"Disease rages unchecked. Doctors are few and far between. Drugs are almost unobtainable, and the people have no money to buy them if they were to be had. Paludismo claims its victims by thousands. So, also, does tuberculosis. Typhus and typhoid fever are very prevalent.

"To say that the country from end to end is filthy fails to convey an adequate idea of its condition. Sanitary conveniences are primitive in the larger places. In the smaller towns and villages there are not even outhouses. The streets are used instead, and the streets are never cleaned. So far as that is concerned the streets of the capital itself are rarely cleaned, and some of them never are. The pavements in 1918 were broken up and in ruins.

"In this welter of filth many people live the year around. They never sleep under a roof, but lie in heaps in doorways in such rags as they wear during the day. Victims of the most loathsome diseases squat along the streets to peddle articles of food and trifles. Beggars swarm everywhere, clutching at the clothing of passers-by and begging for the love of the Holy Mary for a cent to save them from starvation. Gaunt women, almost naked, enter the restaurants to beg for bones from the plates of customers. Children, too, the smaller ones totally naked, the larger ones wearing a few rags, also roam through dining rooms foraging for scraps.

"All are indescribably filthy, for the lower-class Mexican never bathes, nor even washes his hands. All are simply alive with vermin. In street cars you will see vermin crawling. You can not ride in car or cab without getting vermin on you. You must pick them off the bed before retiring. No wonder typhus is rampant. I was stricken with the disease nine days after arriving in Mexico City."

#### EVERYTHING IS IN RUINS.

"Many churches are in ruins; the priests have been killed or expelled; the nuns—heaven only knows what their fate has been. Valuable paintings stolen from the churches have been offered in little shops for a trifle. Many of the churches were turned into barracks or into stables and defiled in such other ways as depraved ingenuity suggested. In Merida, the capital of Yucatan, Alvarado gave orders even to break the bells. Nothing is left of venerable cathedrals but the walls and these have been punched full of holes. The entrances have been turned into public latrines. In Sonora Gov. Calles would not allow a child to be baptized. He lost no opportunity to show his hatred of all religion. He offered to rent a church to be used as a market in Hermosillo for 50 pesos a day.

"The railroads are in utter ruin. There is only one line upon which sleeping-car service is maintained regularly and these cars are generally reserved for the use of army officers between Mexico City and Monterey. All upholstery has been torn off the seats of day coaches and the wooden hulks swarm with vermin. One must often wait for days to board a train, and when at last the train appears—it takes a whole day or more to cover a distance that should be run in a few hours.

"Judging from what has been published about Russia, conditions can hardly be worse there, if, indeed, they are as bad, as in Mexico. And it must not be forgotten that Carranza is the original bolshevist, or perhaps he may have gotten the idea from William Bayard Hale and Lincoln Steffens and their German friends. At least, they had long conferences with him at the outset of Carranza's public career, and they were all very thick. Hale was Carranza's particular friend; and it will be remembered that Hale went into Germany directly after his last conference with that gentleman.

"In Mexico, as in Russia, the sinister hand of Germany is found to be pulling the strings. Trotsky and Hale were both very particular friends of Kurt Jahnke, head of the German secret service in Mexico, and of von Eckhardt, the German ambassador to Mexico. Hale proposed to see Trotsky in Switzerland when the latter had been sent abroad by von Bernstorff. In fact, there is a great deal of circumstantial evidence to show that Germany first instigated bolshevism in Mexico to ruin the country so all that was of value could be bought in at nominal prices and the way thus paved for the establishment of kultur; and, finding the plan worked beyond the expectations, transplanted the devilish virus to Russia."

[National Association for the Protection of American Rights in Mexico, 347 Fifth Avenue, New York City.]

Not to be published before September 7.

BORDER SMUGGLING TOTALS \$20,000,000 YEARLY.

NEW YORK, September 6.

A certain Mexican gentleman residing in San Antonio, Tex., one of the numerous agents of Villa, the bandit, will learn from these lines that the \$30,000 worth of ammunition which he hoped to secure from Dr. P. Amagany and smuggle across the border to his chief is not likely to be secured. The fact is that "Dr. P. Amagany" was none other than Dr. P. B. Altendorf, who was in the service of the United States Military Intelligence Department, and who was spoofing the Mexican gentleman as a means of obtaining information about smuggling. Dr. Altendorf told the story, with many additional facts about a certain form of activity which is enriching many enterprising citizens of the United States and Mexico, to newspaper men at the offices of the National Association for the Protection of American Rights in Mexico to-day.

"No one outside of the Government departments where duty it is to deal with border conditions can have any idea of the extent of smuggling going on between the United States and Mexico," said Dr. Altendorf. "Obviously it is impossible to give exact figures; but according to the best available information it must amount from \$17,000,000 to \$20,000,000 a year. Of this amount the value of goods smuggled into Mexico from the United States is estimated at \$12,000,000 to \$14,000,000, of which from \$4,000,000 to \$6,000,000 represents arms and ammunition going to Carranza, Villa, other bandits, and the Yaqui Indians.

"Villa, in common with other so-called revolutionists, gets about 60 per cent of his arms and ammunition by smuggling from the United States; the other 40 per cent he purchases from the Carranzistas. I know it seems incredible that the troops of any Government should sell arms and ammunition to the rebels with which they are supposed to be at war; but this practice is so common and so well known throughout Mexico that it no longer excites comment. Occasionally the Mexican papers contain a brief announcement that a few officers have been arrested for this offense, but I never heard of one being punished for it."

VILLA SMUGGLES 60 PER CENT OF WAR MUNITIONS.

"But the point of interest in this connection is that Villa smuggles only 60 per cent of his munitions of war—I mean, of banditry. If that part of his supplies were cut off he would be forced out of business; for he could hardly keep going on the 40 per cent he buys from Carranzistas. Doesn't it look as if responsibility for Villa's deviltries came pretty close home to the American manufacturers and dealers who supply the 60 per cent? And as the Carranzistas are worse, if that be possible, than the Villistas, and as they, in common with other banditti down there, must now also depend entirely upon smuggling for their supplies, doesn't the whole Mexican situation create a somewhat embarrassing question of ethics for these same manufacturers and dealers?

"As for the Government's responsibility, it is undoubtedly true that to maintain an effective patrol along 1,800 miles of frontier would be a most difficult matter; but analogous service has been performed in Europe in certain specific instances which could be mentioned. It is also true that the smugglers are up to an infinite variety of tricks, and also that the law contains little loopholes through which contraband may trickle. These difficulties might also be overcome.

"Some interesting details about smuggling came to my attention. For instance, there is a renegade American who was an agent of Mexican Consul Garza, at Brownsville, Tex., and also the confidential agent of Carranza, who was also at one time the confidential agent of von Eckhardt, the German Ambassador to Mexico. In the latter capacity he bought \$36,000 worth of nickel on August 22, 1917, to prevent it from getting into the hands of Americans. On December 14, 1918, this man was in Brownsville bidding against Col. Chapa, a revolutionist, for a lot of ammunition and rifles worth about \$4,000.

"The same individual was responsible for the Carrizal massacre on June 21, 1916, in which 2 American officers and 13 troops were killed and 23 wounded. The Carranzistas were short of ammunition at that time and could not have made the attack if this American had not purchased and shipped into Mexico \$165,000 worth of ammunition. He is a particularly dangerous man, because, being in the Mexican consular service, he is allowed to come and go as he pleases.

"The Yaqui Indians purchase in the United States and smuggle across the border ammunition to the value of \$80,000 to \$100,000 a year. They are allowed to buy only 100 rounds at a time; but there is no limit to the number of times an individual may buy a hundred rounds. All the large general stores along the border carry heavy stocks of arms and ammunition, so it is a very simple matter to pick up a supply, if one has a little patience. The Yaquis are well armed with the latest type Winchesters, and always have plenty of ammunition. In 1918 11 Yaquis were caught smuggling ammunition. They were given brief jail terms; but usually nothing happens.

"Carranza has one agent in Brownsville, Tex., who sent 390,000 rounds of ammunition to his employer at one time. Villa must be rather hard pressed just now; for in March of the present year his wife pawned her jewelry in San Antonio for \$4,800 and used the proceeds to pick up a bargain in ammunition. I am afraid I may have caused Mr. Villa some embarrassment in obtaining supplies of ammunition, for I reported a good many schemes of his to the proper authorities. One particular report, made in November, 1918, concerned Villa's plan to smuggle \$500,000 in silver bullion across the border near Candelaria, Tex., about December 11, and deliver it to an American agent to pay for a consignment of ammunition. A watch was set, and Villa did not succeed in getting the bullion across until late in January, 1919."

#### AMMUNITION IN WATERMELONS.

"There is a big drug store in Brownsville which receives shipments of ammunition in boxes marked 'drugs.' One dodge resorted to sometimes is to conceal ammunition in watermelons to get it past the customs authorities. Usually it doesn't seem worth while to take so much trouble; for there are such long stretches of unguarded territory that nothing much but laziness need drive a smuggler to take risks.

"Munitions of war are not the only articles smuggled south. For one thing a good many stolen automobiles reach Mexico without paying customs dues. One can pick up a car worth \$2,000 on the Mexican side of the border for about \$600. Maria Hass, a notorious German female spy, and her accomplice, Maria Wilkinson, in May, 1918, took between \$8,000 and \$9,000 worth of dutiable goods across the Mexican border without paying a cent of dues and delivered them to blacklisted German firms in Mexico. In January, 1918, she smuggled more than \$4,000 worth of dutiable goods across the border.

"A Mexican who runs a little store in Caborca, Sonora, smuggles an average of \$20,000 a month across the border. He uses a 4-ton truck, crossing the line in the vicinity of Nogales, Ariz., apparently at will. He has been reported many times but seems to be immune. Fernandez's truck generally carries loads both ways, for the smuggling is by no means confined to south-bound traffic. As already indicated the value of goods smuggled from Mexico into the United States is estimated at six to eight million dollars. This formerly included about one hundred thousand head of cattle, which are sold to receivers of stolen goods on this side for about \$8 a head. Mexican cattle are of very inferior quality, but their market value is about \$35 a head; so there is a handsome profit in it for the patriots who are engaged in receiving stolen goods. Now, however, Mexico is stripped pretty clean of cattle. For that matter, Mexico has been looted bare of everything portable.

"To illustrate, there was the case of a Mexican lawyer whose library in Mexico City, valued at \$50,000, was stolen. As it included a historical paper of great value he obtained a search warrant and examined several warehouses on this side of the border, all of which were filled with stolen goods from Mexico. The plunder included such things as hundreds of thousands of telegraph blanks and blank tax receipts, taken because the ignorant thieves did not know their value. But the plunder also included great numbers of typewriters, sewing machines, and about everything else used in the household or in business."

## QUANTITIES OF OPIUM SMUGGLED.

"Great quantities of opium are smuggled across the border. It comes to west coast ports of Mexico in Japanese vessels, is brought up the coast in small Mexican sailing craft and thence finds its way across the border. I reported one Mexican opium smuggler, who was caught outside Nogales with 4,500 pounds of the stuff in an automobile truck. Morphine and cocaine are also smuggled extensively. The Germans paid special attention to smuggling drugs into Kelly Field, the aviation field near San Antonio during the war, the idea being to break down the American flying force; but it didn't work. But there is big money in opium smuggling, anyway. Silks came by the same route from China and Japan.

"There is also a big bootlegging trade across the border. Tequilla, which is distilled from pulque, brings \$8 a quart and is smuggled with comparative ease.

"Yet another class of goods smuggled into the United States is jewelry looted from the homes of wealthy Mexicans or foreigners living in Mexico, in many cases theft being preceded by murder. In not a few instances the jewelry is received as ransom for kidnaped persons. All of it seems to reach American soil. San Antonio is full of pawnshops, and the pawnshops seem to be full of this jewelry. Mexicans peddle valuable jewelry in the barber shops or at railroad stations or even in the streets.

"From all this you can readily see that there is a certain small element along the border which is opposed to any disturbance of our present relations with Mexico. Conditions along the border are disgraceful and should be rectified. I feel sure they will be as soon as they are really understood. Government representatives, with rare exceptions, are doing their best under the circumstances, but they need help from higher up, and this is not forthcoming, apparently, because Washington has been too much occupied with other matters to give this matter attention."

## WATRIS APPENDIX B.

## WATER CONCESSION OF COMPANIA CONSTRUCTORA RICHARDSON, S. A., OF SONORA, MEXICO.

W. E. Richardson, president and general manager; H. A. Sibbet, vice president and manager; H. E. Green, chief engineer; W. Sidney Smith, superintendent of irrigation.

Published in *Diario Oficial*, December 28, 1911.

(Spanish and English.)

*Department of interior development, colonization and industry of the United States of Mexico—Section 5.*

The citizen President of the Republic has been pleased to make the following decree:

"Francisco I. Madero, constitutional President of the United States of Mexico, to the inhabitants thereof, greetings:

"That the Congress of the union has been pleased to decree the following:

"The Congress of the United States of Mexico decrees:

"Sole Article: The contract executed on the 21st of August, 1911, between the citizen, Attorney Rafael L. Hernandez, secretary of state and of the department of interior development, colonization and industry, as representative of the executive of the union, and Mr. Alberto Stein, as representative of the Compania Constructora Richardson, S. A., amending the contract of the 13th of May, 1911, for the use of the water of the Yaqui River, State of Sonora, for irrigation and power purposes, is approved in all its parts.

"S. García Cuellar, congressman president; Jose Zubieta, senator vice president; Alonzo Mariscal y Pina, congressman secretary; Carlos Castillo, senator secretary.

"And so I order that it shall be printed, published, and circulated and that due compliance be given to it.

"Issued in the palace of the executive power of the union, in Mexico, on the 19th day of the month of December, 1911.

FRANCISCO I. MADERO.

"To the citizen, Attorney Rafael L. Hernandez, secretary of State and of the department of interior development, colonization, and industry, city."  
And I inform you of it for your knowledge and its legal effect.  
Mexico, December 26, 1911.

R. L. HERNANDEZ.

To \_\_\_\_\_,  
\_\_\_\_\_,  
\_\_\_\_\_.

The contract referred to by the foregoing decree is as follows:

[Stamps to the value of \$37,540 (37,540 pesos) canceled, \$16,520 (16,520 pesos) on the contract of the 16th of February, 1909, and \$21,020 (21,020 pesos) on the present one, which takes the place of the other.]

CONTRACT.

Executed between C. Lic Rafael L. Hernandez, secretary of State and of the department of interior development, colonization, and industry, in representation of the executive of the union, and Mr. Alberto Stein, representing the Compania Constructora Richardson, S. A., for the utilization of the waters of the Yaqui River, in the State of Sonora, for purposes of irrigation and motive power.

ARTICLE 1. Without prejudice, to any third party, who may have a better right, the Compania Constructora Richardson, S. A., organized under the laws of the Mexican Republic, is granted up to 3,942,000,000 cubic meters per annum, as a maximum, of the waters of the Yaqui River, in the State of Sonora: *Provided*, That such volume does not exceed 65 per cent of the average annual flow of the waters of that river:

ART. 2. The average annual flow of the Yaqui River will be considered that average which results from the measurements which, during a period of five years, will be taken by a commission appointed for that purpose by the department of fomento, and which commission will establish the measuring stations which may be necessary to keep a constant record of observations during such period, which period will date, at latest, from one year after the promulgation of the present contract.

ART. 3. The volume of water granted shall be dedicated principally to the irrigation of the lands situated on both sides of the Yaqui River, whether belonging to the company or to other owners, and also to the development of motive power. The company will be authorized to take, through the canals which it may construct, the flow of water per second which it may require at the different seasons of the year, for the irrigation of land and the development of motive power.

ART. 4. The company will be bound to supply water for irrigation to the owners of the lands which lie under the canals that, under the authorization of this concession, may be constructed by the company, but without prejudice to the latter, making use of its right to use the waters conceded for the irrigation of its own land. The department of fomento will decide, in view of the plans, the portions of land to which this obligation refers.

ART. 5. The company will be bound to construct the following works:

A. One or more dams which may be situated in that section of the Yaqui River comprised between the point called Soyopa and the confluence of the Babispe River; and along the course of the Babispe River between the confluence above mentioned and on the confluence of the Fronteras River on the same Babispe River.

B. A diversion dam at that point on the Yaqui River which is called Los Limones.

C. Two irrigation canals that will start from the dam at Los Limones and run, one along the left side of the river and the other along the right side. The first will connect at a point called Los Hornos with the canal which now belongs to the company and serves for the irrigation of the lands situated on the left side of the Yaqui River. The second will serve to irrigate the largest area of land that can be brought under irrigation on the right side of the same river.

D. The system of secondary canals and other works intended for the conduction, distribution, and utilization of the waters for the lands belonging to the company which are susceptible of irrigation.

E. The works necessary for the formation of one or more falls, in order to utilize the stored waters in the development of electrical energy, which

will be applied to industrial purposes in general, and especially to the working of pumps which will complete the system of irrigation.

F. The electric transmission lines and plants which may be necessary for utilization of that energy.

ART. 6. The company shall be especially bound to respect the present actual utilization of the waters of the Yaqui River, which is being made by the riverine proprietors below the different storage dams that the company may construct.

ART. 7. In order to investigate the existing rights and utilizations, as well as the volume of these utilizations and the form and other circumstances for carrying them out, the department of fomento will appoint a commission to make a study of the river as well as the existing canals and irrigation works, and which will also proceed to make the above-mentioned investigations. Said commission will complete its labors within the maximum term of one year from the date of the publication of this contract, which term is considered sufficient for the completion of the work. Nevertheless, if by reason of superior force, the commission can not commence or complete its labors within the period specified, said period will be extended as long as may be necessary to compensate the time lost.

ART. 8. As soon as that commission reports, the department of fomento will decide on the volumes of water which may be indispensable required to cover the present utilizations, as well as the periods, duration, form, and other circumstances under which such rights of utilization are to be satisfied, and the company will be bound to carry out the rulings which may be issued by the department of fomento regarding these points.

ART. 9. The company must construct its hydraulic works under the conditions which may be approved by the department of fomento in such a way as to allow the passage freely in the river in the different seasons of the year of the volume of water which may be necessary to supply the amount now actually utilized by the different riverine landholders in these different seasons.

ART. 10. Should the department of fomento consider it more desirable, the company shall supply, through its canals, the volumes of water which may be specified in accordance with the above stipulations, for the use of the riverine landholders who now possess water rights; but under the conditions that such riverine landholders shall submit to the regulations of the company approved by the department of fomento, and to the reduced tariffs which the department may specify in each case, and even free of charge if the said department considered it due to them. The company will in no case be bound to allow the passage of, or to furnish free of charge or at reduced rates, any volume of water greater than that at present actually consumed by the riverine landholders.

ART. 11. Should the company duly prove to the department of fomento that it has the consent of the present users for the execution of its works, and to purchase water from itself, it will be under no obligation to supply water free of charge or at reduced rates, to which the said users now have a right, nor to allow the volume of water before mentioned to pass to the river.

ART. 12. The company will be bound to assist the commissions mentioned in articles 2 and 7 in their labors by furnishing, at its own expense, engineers who will cooperate with the same, as well as the means to facilitate their operation and work, and it will also place at the disposal of the commissions referred to in article 2 the present measuring station which the company has established, with all the installations which go with it.

ART. 13. The company will be bound to furnish free of charge the water which may be required for the domestic use of the inhabitants of the towns now existing in the section in which the irrigation is to be developed, authorizing this use only by manual means and solely from the canals which belong to the company.

ART. 14. Meanwhile the company does not construct any of the storage dams referred to in Clause A of article 5, it will be allowed to charge for the use of the water intended for irrigation the prices authorized under the tariff which was approved by the department of fomento under date of the 22d of April, 1900, in accordance with the concession granted to the said company on the 16th of February of the same year. As soon as the company constructs storage dams and is in a position to supply water for irrigation at all seasons of the year, it is authorized to increase its tariffs and to charge the landholders in general up to 1 peso and 50 cents per thousand cubic meters of water, and up to 1 peso for

the same volume, to the proprietors of lands irrigated by the water of the Porfirio Diaz canal.

ART. 15. For the purpose of this contract, the company will be subject to the following periods, all dating from the day of its publication:

I. Six months to commence the construction of the canals, diversion gates, and other works proposed for the irrigation of the lands situated on the left side of the Yaqui River, the plans of which have already been approved by the department of fomento, in accordance with the concession of the 16th day of February, 1909.

II. Eighteen months within which to present the plans for storage and diversion dams.

III. Twenty-four months within which to commence the construction of dams.

IV. Four years within which to present the plans for the works intended for the generation of electric energy.

V. Four years within which to present the plans for the irrigation works for the lands on the right side.

VI. Five years within which to commence the construction of the works for the development of electric energy.

VII. Five years within which to commence the construction of the irrigation works for the lands on the right side of the river.

VIII. Six years and six months for the completion of all the works, with the exception of those specified in clause D of article 5, which works will be constructed as fast as the land is subdivided and sold.

ART. 16. The obligations assumed by the concessionaire company with respect to the periods specified in this contract will be suspended in all cases of unforeseen accident or superior force which are duly proven. Such suspension will only last as long as the duration of the impediment which gave rise to it, and the concessionaire company shall present to the department of fomento the notices and proofs of the occurrence of the unforeseen accident or superior force of such character within the term of three months after it has arisen, and the mere fact of its not presenting such notices and proofs within that term will preclude the company from ever pleading the circumstance of unforeseen accident or superior force.

The concessionaire company must likewise present to the department of fomento the notices and proofs of the resumption of work as soon as the impediment has ceased, and such notices and proofs must be presented within two months following the resumption of work.

ART. 17. The strip of land which the company may occupy shall have a width of 70 meters for the main canals and of 5 meters for the telegraph, telephone, and electric transmission lines.

ART. 18. The company binds itself to prove to the department of fomento within a period of 18 months from the date of publication of this contract that it can rely on a sum of not less than 1,000,000 pesos with which to commence the construction of the dams referred to under Section III of article 15. Within the 18 months following it must prove that it possesses not less than 4,000,000 pesos with which to continue the irrigation works.

ART. 19. The company binds itself to subdivide and sell within a period of 15 years, to date from the date on which the period of 6 years and 6 months referred to in Clause VIII of article 15 expires, all the lands which are its property and which are susceptible of irrigation; that is, an area of not less than 150,000 hectares, subdividing and selling at least 10,000 hectares per annum. For the purposes of this clause the subdivisions and sales which may have been made under the proper conditions before the date on which the above-specified period will commence to run shall be counted.

ART. 20. The lots which are sold shall have a maximum area of 400 hectares, and the company shall not sell to any single person more than 2,000 hectares.

ART. 21. The company shall report to this Department, with all possible promptitude, all the sales which it may make and those which exceed 2,000 hectares, contrary to the provisions of the preceding clause, will be null and void.

ART. 22. The company is granted the use of the waters for purposes of irrigation for an indefinite period provided it subdivides the lands which it owns. Should the company not comply with the conditions stipulated relative to such subdivision, it will forfeit the right to use the water in the same proportion in which it fails to comply with the stipulations relative to that point. The use of the water for the development of motive power shall last for 99 years.

ART. 23. The company shall not supply water for the irrigation of private lands of a greater area than 2,000 hectares, unless such lands are subdivided, and always provided that the owners of said lands bind themselves to sell said lands in accordance with the stipulations of this contract.

ART. 24. The company shall have power to mortgage the lands which it owns in any area whatsoever, independently of the concession; but without prejudice to the forfeiture of the concession if the company does not comply with the obligations specified in article 27.

In order to encumber or hypothecate the concession, the concessionaire will submit to the provisions of Section VII of article 19 of the water law of the 13th of December, 1910.

ART. 25. The company shall only have power to transfer the present concession or any part thereof to individuals, Mexican firms or corporations which are organized under the laws of the Republic and with the previous permission of the department of fomento.

ART. 26. The company shall have no power to assign, hypothecate or encumber this concession, or the works constructed or to be constructed under this contract, to any foreign Government or State, or to admit the same as a partner, and therefore any covenant made to that effect will be null and void.

ART. 27. This contract shall be forfeited for any of the reasons specified in article 20 of the law of the 13th of December, 1910; and also for noncompliance with any of the stipulations of articles 4, 5, 6, 8, 9, 10, 12, 13, 15, 18, 19, 20, 21, 23, 24, 25, and 26.

Before making the declaration of forfeiture, the department of fomento will grant the company a period which may be considered desirable within which to make its defense, but not to exceed 60 days. The forfeiture shall only take effect as regards that part of the concession which has not been complied with.

ART. 28. This contract takes the place of the one dated the 16th of February, 1909, which was executed with the same Compania Constructora Richardson, S. A., and for that reason its fulfillment is secured by the deposit of 10,000 pesos in 3 per cent bonds of consolidated internal debt, which the company made in the Banco Nacional de Mexico, in guarantee of the fulfillment of said contract, of 1909.

ART. 29. The company shall keep a representative in this city who shall be fully authorized and with whom the Government can deal in anything connected with this contract.

ART. 30. In all matters not expressly provided for under this concession, the provisions of the law of the 13th of December, 1910, and its regulations shall apply, and the company will enjoy all the rights and privileges which the Government is authorized to grant in accordance with said provisions.

ART. 31. The company will pay for the stamps required for this contract.

ART. 32. This contract will be submitted to Congress for approval.

Mexico City, August 18, 1911.

R. L. HERNANDEZ.  
ALBETO STEIN.

This is a certified copy.  
Mexico City, December 22, 1911.

THEO. M. E. MARTINEZ BACA.

#### WATER REGULATIONS OF COMPANIA CONSTRUCTORA RICHARDSON, S. A., OF CONORA, MEXICO.

[W. E. Richardson, president and general manager; H. A. Sibbet, vice president and manager; H. E. Green, chief engineer; W. Sidney Smith, superintendent of irrigation (Spanish and English).]

#### REGULATIONS.

[English translation.]

Regulations for the distribution of the waters of the Yaqui River, in the State of Sonora, diverted by the Compania Constructora Richardson, S. A., under the contract with that company dated February 16, 1909.

ARTICLE 1. The irrigation system of the Compania Constructora Richardson, S. A., for the lands of the Yaqui Valley, comprises the following works:

A. A main diversion canal, starting from the left bank of the river and dividing into the west and the east branches.



**B.** The primary canals, which will start from the main canal and its branches among which is included the Porfirio Diaz Canal.

**C.** The secondary canals which will start from the primary canals.

**D.** The tertiary canals which will start from the secondary canals and supply water to the individual canals for each piece of land under cultivation, which in turn will feed the irrigating streams.

**E.** Finally, all the construction works, such as dams, intakes, head gates, check gates, bridges, etc.

**ART. 2.** For the purposes of the maintenance and operation of the irrigation system, the company shall have exclusive charge of the main canal, the branches and all construction works pertaining to same, such as head and check gates, bridges, etc.

**ART. 3.** The respective landholders shall have charge of the primary, secondary, and tertiary canals, as well as the construction works pertaining to same. Consequently, the construction of this part of the irrigation system and its maintenance to supply the water shall be for the account of all landholders receiving water from each primary canal in proportion to the area of land which they own.

**ART. 4.** For the purposes of articles 10 and 15 of the water tariff, each primary canal, together with all the works pertaining thereto, shall be considered as a section for the supplying of water.

Therefore the water users of each section shall name a common representative who shall deal directly with the company in all matters relating to the maintenance of the works and the diversion and use of the water.

**ART. 5.** The representative of each section shall have the following duties:

**A.** To comply with and enforce the obligations imposed by the water tariff and these regulations.

**B.** To maintain in good condition and ready for service the hydraulic works for the distribution of the water, for which purpose he shall fix by agreement with the landholders the amount that each landholder should contribute, the method of handling the funds and the form in which the work is to be carried on.

**C.** To apply to the company for the total amount of water that the landholders he represents may need, specifying, although approximately, the amount to be supplied to the landholders monthly during the irrigation season each year. With the said application he shall deliver to the company the total water rental covering the total amount of water that may be needed.

**D.** To see to the distribution of the water among landholders he represents according to the amount that each landholder has applied for.

**E.** To be the intermediary for the applications which the water users make to the company and the complaints or claims made against the company.

**ART. 6.** The annual irrigation season will commence on July 15 and close on June 15 of the year following.

**ART. 7.** All water users must file their applications, at the latest, within the 15 days prior to that on which the irrigation season commences.

**ART. 8.** The applications must be made out in duplicate on the printed forms furnished by the company and approved by the Department of Fomento. They will show, although only approximately, the monthly amounts of water that the company is to deliver.

**ART. 9.** The representatives of the water users must notify the company at least 48 hours in advance of any change in the monthly delivery of water applied for.

**ART. 10.** The company will not take action on any application, complaint, or claim that is not made through the respective representatives of the water users.

**ART. 11.** The company will not take any action on applications for water which may be filed at a time not included in the regular season fixed for that purpose, except in case of unforeseen circumstances or acts of nature so defined by the Department of Fomento. In such cases the company shall render a correct report upon the application.

Should anyone purchase land during the irrigation period and desire to cultivate same, the company shall be obliged to receive and act upon his application for water, although the same is filed at a time not included within the period fixed by article 7 hereof.

**ART. 12.** When it is necessary to supply the water by rotation, as provided in article 7 of the tariff, the distribution shall be made among the primary

canals commencing at the intake of the main canal and proceeding in a descending order.

The duration of each rotation shall be fixed by agreement among all the representatives of the water users, serving as a basis.

A. The amount of water available.

B. The areas to be irrigated according to the applications filed and the necessities of the system of cultivation established upon the lands.

C. Effort will be made to supply water to the greatest number of users possible, but the length of each rotation should not be so short that it will endanger the crop.

In case the water users do not reach an agreement among each other or with the company the matter will be submitted for decision to the Department of Fomento, together with all the necessary information, data, and details to give a proper understanding.

Until the department shall decide, the length of time fixed by the company's engineer shall be adopted provisionally, without prejudice to the rights of those who may be injured by the temporary decision to receive indemnity according to the final decision rendered by the Department of Fomento.

ART. 13. The company will appoint, under the orders of a chief, the canal watchmen and gate keepers it may deem necessary for the policing and maintenance of the main canal, its branches, and the construction works pertaining thereto.

The company shall advise the water users of the persons appointed in accordance with this article.

These persons shall be the only ones who, under the orders of the company, may operate the gates of the main canal and its branches.

These persons may, in certain cases, assist the other employees of the irrigation system, when circumstances may so require and upon application of interested parties.

ART. 14. All persons other than those designated by the company are hereby prohibited from operating the gates of the main canal and its branches and from constructing in said main canal and branches any new work or from modifying those already existing.

ART. 15. Likewise, all persons other than those designated by the water users for the distribution of water are hereby prohibited from operating the gates in the other canals of the irrigation system.

ART. 16. The modification of the irrigation system without the consent of the Department of Fomento, after hearing the company, is hereby prohibited.

ART. 17. It is prohibited to throw foreign materials or objects into the canals or to prevent the free flow of the water.

ART. 18. For the purpose of policing, maintaining, and repairing the irrigation system, a right of way two meters wide is hereby established over the length of each and everyone of the canals forming the system, and the passage of the representatives of the water users; the employees, canal watchmen, and gatekeepers of the company shall in no way be impeded.

ART. 19. Under no circumstances shall the establishment of warehouses, shops, factories, stables, pig pens, and, in general, anything that might produce substances to contaminate the water to the damage of the public health, be permitted within a distance of 20 meters from the banks of the canals.

ART. 20. The company shall have the right to increase the development and capacity of the canals for the purpose of conducting a greater volume of water through them, but in each case the company must first secure the respective authorization from the Department of Fomento.

ART. 21. In case it should become necessary to make repairs or modifications in the works of the system, in order to improve their operation or the utilization of the water, the company may suspend the use of the water, but only for such time as is strictly necessary, giving such notice to the water users as the time may permit. For the purpose of proceeding with such work, the company should first obtain the necessary authorization from the Department of Fomento, for which purpose the company shall submit such reports to justify the work as may be necessary. In all cases the company shall be obliged to furnish to the water users such amount of water that it may have failed to deliver to them as soon as the works or repairs are completed.

ART. 22. The company shall be responsible for all damages that may be caused to the water users through the suspension of the water supply in the cases referred to in the foregoing article, provided the Department of Fomento declares the conduct of the company unjustifiable.

ART. 23. The company shall not be responsible for damages caused to the water users on account of scarcity of water in the river or the suspension of the water supply through unforeseen accident to the works of the system, which it is not possible for the company to remedy immediately, in the judgment of the Department of Fomento.

ART. 24. The methods used for measuring the water carried by the canals and furnished to the water users shall be such as are approved by the Department of Fomento, after being submitted by the company. To cover this point the company will publish complete instructions, approved by the Department of Fomento, for the use of the gatekeepers.

ART. 25. In case of disagreement as to the measurement of water, the chief gatekeeper of the company, in the presence of the respective representatives, shall take the measurement in question, and in the event of the disagreement still existing the company's engineer shall decide the case. Should the parties interested not accept this decision the matter shall be referred to the Department of Fomento, which shall make proper disposition of same.

ART. 26. The company shall post in a public place in its offices detailed lists of the amounts of water carried by the primary canals.

The company shall furnish monthly to the water users or their representatives the corresponding lists.

If within a period of 10 days after their delivery the representatives of the water users make no protest, these lists will be considered accepted by the interested parties.

ART. 27. The water users are obliged to maintain and keep in good condition the necessary drainage ditches in order to afford an outlet for the excess water from their lands.

ART. 28. If on account of the bad condition of the canals and other works under the case of the water users, they are not able to receive the amount of water applied for to the company, they shall not be considered as coming under the conditions referred to in article 9 of the water tariff.

ART. 29. The penalties established by the law of December 13, 1910, are applicable both to the company and the users of the waters referred to in these regulations.

Mexico, May 19, 1911.

A true copy.  
Mexico, May 22, 1911.

M. MARROQUIN Y RIVERA.

E. MARTINEZ BACA,  
*El Oficial Mayor.*  
FRANCO, ONTIREN,  
*Confrontada.*

M. R. VERA,  
*Conforme.*

# TARIFF PERTINENT TO WATER CONCESSION OF COMPANIA CONSTRUCTORA RICHARDSON, S. A., OF SONORA, MEXICO.

[W. E. Richardson, president and general manager; H. A. Sibbet, vice president and manager; H. E. Green, chief engineer; W. Sidney Smith, superintendent of irrigation. (Spanish and English.)]

## TARIFF.

[English translation.]

Tariff to which the Compania Constructora Richardson, S. A., shall be subject in selling the water from the Yaqui River, State of Sonora, of which it is the concessionaire.

ARTICLE 1. According to the provisions of the contract of the 16th of February, 1909, executed between Mr. Alberto Stein and the secretary of the office of Fomento, the company is obliged to keep in good order the hydraulic works on the main canal, in order that it may deliver water to the consumers to the extent of an equitable division among all the lands now cultivated or those which, in the future, may be put under irrigation.

ART. 2. The concessionary company shall not establish in any manner so-called "water rights," and therefore each owner of land, whatever may be its area, is entitled to receive water for its irrigation.

ART. 3. The maximum price that the company may charge at present shall be \$0.80 Mexican currency for each 1,000 cubic meters of water which shall be delivered at the main canal.

ART. 4. The minimum quantity of water that the owners of irrigable lands may ask annually shall be 3,125 cubic meters per hectara.

ART. 5. The maximum quantity of water that the company shall be obliged to furnish to each consumer shall be 12,500 cubic meters per hectara per annum.

ART. 6. The owners of land irrigable with the company's water shall have the right to demand its delivery to them to the extent of 2,000 cubic meters per hectara per month until the quantity of 12,500 cubic meters mentioned in the previous article has been delivered. When they make their request for said water they shall give at least 24 hours' notice, expressing the date on which the water shall be delivered and the quantity they desire furnished them.

ART. 7. In times of scarcity the company shall distribute water in proportion to the area of the lands to be irrigated, and, if it is necessary, it shall be delivered to them in turn or in groups.

ART. 8. The payment of the amounts specified by this tariff shall be made in advance and for the total amount of water required.

ART. 9. The users of water shall be entitled to have delivered to them by the company in the following year the quantity of water which they have not used during the preceding year and for which they have paid.

ART. 10. The consumers shall build, at their own expense, the secondary canals, or laterals, for bringing the water to the land to be irrigated; and, in cases provided by article 15, the owners in each district who make use of the same canal shall have a common representative, who shall make request for water for the canals under his supervision and arrange the distribution of the water delivered by the company at the head gate in the main canal.

ART. 11. In order to obtain water for the irrigation of their lands, private parties, exclusive of owners of a lateral canal, or community owners, as mentioned in articles 10 and 15, shall make request of the company, in writing, in duplicate, mentioning the area of the land to be irrigated, data necessary for its identification, and the quantity desired. The company shall return one copy of this request with annotations of the date and hour of its presentation, and shall keep the duplicate at the main office of the company for the inspection of the public.

ART. 12. The consumers shall advise the company, in writing, in duplicate, of transfers of land made by them.

ART. 13. The consumers shall construct, at their own expense, and under the supervision of the company, the structures which shall be established in the main canal for the diversion of water; these works to be the property of the company; or they may elect that the company build said structures, in which case the consumers shall be obliged to pay as compensation \$1 Mexican currency for each 1,000 cubic meters of water instead of \$0.80 as established by the third clause hereof.

ART. 14. The owners of the land contiguous to the lateral canal Porfirio Diaz who shall make use of the water of the company shall pay one-half of the price fixed by article 3 of this tariff in accordance with the provision of article 5 of the contract executed by the company with the secretary of Fomento on the 16th of February, 1909, and said water shall be delivered from the main canal of the company to said landowners at the head gate of the said Porfirio Diaz Canal, and subject to the provisions of articles 4, 5, 6, 7, 8, 9, 10, 11, 12, and 13 of this tariff.

ART. 15. When a lateral canal is suitable for the use of several landowners without detriment to the owners of said canal such canal owners are obliged to permit its use, provided they are compensated in proportion to the cost of such lateral.

ART. 16. The company shall be obliged to keep records in detail of the quantities of water which it is delivering to each district in accordance with the terms of article 11.

ART. 17. The company shall be obliged to publish the rules and regulations which it employs for measuring and delivering the water to consumers.

ART. 18. The records referred to in article 16 shall be subject to the inspection of the public, in order that the interested parties may make such observations as they may deem convenient respecting their conformity.

MEXICO, April 22, 1909.

Approved.

(Signed) A. ALDASORO.

**CONCESSION RELATIVE TO STATE TAXES ON LANDS OF COMPANIA CONSTRUCTORA  
RICHARDSON, S. A., OF SONORA, MEXICO.**

[W. E. Richardson, president and general manager; H. A. Sibbet, vice president and manager. (Spanish and English.)]

Contract entered into between the executive of the state on one part and on the other Mr. Alberto Flores in the capacity of attorney for the Compania Constructora Richardson, S. A., in regard to the reduction of taxes on sales of property made by the said company.

ARTICLE 1. All sales made by the Compania Constructora Richardson, S. A., or its legal successors or assigns of the property that it now has within the comprehension of the Yaqui Valley, in this state, in favor of third persons or companies during the term of 10 years, counting from the date on which this contract may be approved by the honorable congress, shall cause the tax on transfer of property fixed by article 1 of the law No. 2 of September 20, 1881, on the total value of the hectares sold, at the rate of \$6 (6 pesos) for each hectare, whatever may be the actual selling price, with the understanding that the said price of 6 pesos for each hectare shall serve in the future as the basis upon which the acquirers or purchasers shall pay the ordinary land tax of 8 per thousand established by the law No. 20 of January 16, 1904.

ART. 2. All the property that the company now has in the said Yaqui Valley, for the same term of 10 years, to be counted from the next fiscal year, shall cause the land tax of 8 per thousand upon the total value of said land, computed at the rate of 4 pesos for each hectare, with the understanding that no subsequent law shall change or derogate such valuation.

ART. 3. The Compania Constructora Richardson, S. A., can not transfer this concession without the express consent of the state government.

ART. 4. The concessionary company and the persons or companies that with the permission of the executive may succeed it by transfer, purchase, or some other legal title, as well as the employees, stockholders, and other persons who may have interest in it, shall be considered always as Mexicans in all the affairs relative to this contract, and shall be submitted exclusively to the jurisdiction of the courts of the republic or of the state, as the case may be.

ART. 5. The concessionary company and the foreigners or their legitimate successors who may take part in its affairs, in whatever capacity, can never claim under any pretext the right of foreigners, since they shall have only the rights and privileges that the federal laws or those of this state, as the case may be, give to Mexicans. Consequently the diplomatic agents shall have no intervention.

ART. 6. This concession shall become void by the violation of article 3, and the annulment shall be declared administratively by the executive of the state, previously giving the company a hearing with a term not exceeding 30 days. The declaration made in this form shall have no ulterior recourse.

ART. 7. The company contracts the obligation to give to the Government when the latter may ask for same the economical and statistical data that may be desired relative to its business.

ART. 8. The stamps and expenses of any kind that this contract may cause shall be for the account of the Compania Constructora Richardson, S. A.

Made in duplicate at Hermonillo, on the 21st day of the month of September, 1909.

ALBERTO CUBILLAS.  
BRIGIDO CARO.  
A. FLORES.

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DEFENSE SUBMITTED TO THE FEDERAL GOVERNMENT OF MEXICO BY THE RICHARDSON CONSTRUCTION CO. (INC.), AGAINST THE PROPOSED NULLIFICATION OF ITS CONCESSION GRANTED AUGUST 18, 1911, FOR THE USE OF THE WATERS OF THE YAQUI RIVER, CONSISTING OF A COPY OF THE ORIGINAL IN SPANISH AND AN ENGLISH TRANSLATION.

Mr. SECRETARY OF AGRICULTURE AND FOMENTO:

H. A. Sibbet, vice president of the Richardson Construction Co. (Inc.), before you respectfully deposes:

That in exercise of the rights granted in the last part of article 27 of its concession of August 18, 1911, and approved by the Federal congress December 19 of said year, said company, acting through me, hereinafter sets forth its defense against the declaration of forfeiture of said concession.

## COMMUNICATION FROM THE DEPARTMENT.

1. Mr. Alberto Stein, the representative of said company in the City of Mexico, transmitted to us your communication No. 4360-bis, which he received from the bureau of waters of the department, under your able direction, the 21st day of last December. Said communication is as follows:

"Referring to the contract entered into between this department and said company August 18; 1911, for the use of the waters of the Yaqui River to the maximum amount of 3,942,000,000 cubic meters per annum for the irrigation of its lands, I hereby affirm that the company you represent, not having complied with the obligations imposed upon it by articles 4, 5, 9, 15, 18, 19, and 21 of the aforesaid concession, said concession should be declared forfeited, as provided in article 27 thereof; and in order that the said company may submit its defense and pursuant to the article last above cited, it is hereby granted the period of two months, not subject to extension, for this purpose, with the understanding that in the event that no such defense is submitted this department shall definitely decree the forfeiture of said concession. The foregoing is transmitted to you for your information and action."

In accordance with the terms of the aforesaid communication there are six causes of forfeiture set forth by that department, which, being classified in accordance with the articles of the concession that are alleged to have been violated, are as follows, to wit:

Cause I. Article 4.

Cause II. Articles 5 and 15.

Cause III. Article 9.

Cause IV. Article 18.

Cause V. Article 19.

Cause VI. Article 21.

None of the foregoing causes of forfeiture are justified, as is hereinafter shown.

## CAUSE I.

2. Article 4 of the concession, which is alleged to have been violated, provides as follows:

"The company is obligated to supply water for irrigation to the owners of lands situated under the canals which, by authorization of this contract, it hereafter builds, without prejudice to the right of the company to use water for the irrigation of its own lands.

"The department of fomento shall determine, in accordance with the maps, those portions of the land to which this obligation applies."

The department does not state, as it should have done, the specific cases in which the company has failed to supply water for irrigation to the owners of lands situated under the canals of the company, an omission that is unwarrantable when one takes into consideration the seriousness of such a declaration of forfeiture and the principle of equity that requires that charges be specific, in order that the defense thereto may likewise be specific.

Nevertheless, the company is in a position to affirm that it has never failed to deliver water for irrigation to the owners of lands situated under its canals, in accordance with the terms of the concession and the respective regulations and tariff.

3. Article 4 of the concession above cited does not impose upon the company in absolute terms the obligation to deliver to the owners of lands all of the water by them applied for. The obligation of the company is subject to the following conditions:

(a) That the lands for the irrigation of which water is applied for be situated, as stated in said article 4, under the canals that are built by the company.

(b) That the said lands be owned by the applicants, since said article speaks expressly of the owners of lands.

(c) That the owners of lands be governed by the tariff approved by said department and by the regulations adopted for its application. This condition is expressly set out in article 14 of the concession, as follows:

"During such time as the company shall not have built the storage reservoirs referred to in article 5, subsection A, it may charge for water to be used for irrigation the price authorized in the tariff which was approved by the department of fomento April 22, 1909, in accordance with the concession granted to said company April 16 of said year.

"When the company shall have constructed said storage reservoirs and is able to supply water for irrigation during all seasons of the year, it may

increase the tariff rates and charge not to exceed \$1.10 (pesos) per thousand cubic meters of water delivered to landowners in general, and \$1 (peso) for like amount delivered to the owners of land irrigated under the Porfirio Diaz Canal."

4. Relative to the first point, the company is able to maintain that at all times it has furnished to the owners of lands situated under its canals the water they have applied for, to the limit of the capacity of its irrigation works, as provided in the tariff. If there have been owners of lands not so situated that have applied for water for irrigation such applications would not come within article 4 of the concession, and therefore failure to accede thereto would not imply a violation of said article. With relation to lands situated under the canals of the company, the following table shows the amounts of water that were delivered from July, 1911, to December 31, 1918:

Irrigation year.	Land under cultivation (hectares).	Water delivered (cubic meters).
July, 1911-June, 1912.....	9,593	80,662,706
July, 1912-June, 1913.....	10,853	96,553,308
July, 1913-June, 1914.....	10,811	75,567,784
July, 1914-June, 1915.....	8,874	53,522,373
July, 1915-June, 1916.....	5,982	66,023,519
July, 1916-June, 1917.....	6,746	82,579,501
July, 1917-June, 1918.....	11,023	101,771,234
July, 1918-Dec., 1918.....	8,621	55,935,977

In this connection it should be observed:

(a) That the decrease of the areas in cultivation after June, 1915, was due to the revolutionary conditions then prevailing in that district, as well as in other parts of the country, and in no way to the inadequate capacity of the canals to supply the water applied for.

(b) For the year 1917-18 the increase is perceptible, and it appears that the increase will be still greater for the year 1918-19, judging from the figures shown for the last half of the year 1918. This is due to the great efforts to this end made by the company, in spite of the absence of security and the disturbed conditions that still continue to exist in that section of the country.

5. With reference to the point mentioned under subdivision B, of paragraph 3, the company has been under no obligation to supply water to persons applying for same for the cultivation of lands belonging to other people, pursuant to authorization or permits issued for this purpose by the local authorities. If such authorizations or permits have been granted, they can in no way be obligatory upon the company in opposition to the terms of the concession; and the refusal of the company to supply water under such circumstances can not, therefore, be construed as a violation of article 4 of the concession, which in express terms defines and safeguards the rights of the company.

6. With relation to the points referred to in subsection C, of paragraph 3, the company recalls that in August, 1918, certain water users refused to receive water in the manner provided in the regulations and tariff, as approved by the department of fomento, affirming that the water should be delivered directly onto the lands, instead of at the intake gates of the primary canals in the main canal of the company. In this connection the following provision should be cited:

(a) From the tariff approved by the department of fomento, April 22, 1909, in accordance with the original concession of February 16, 1909, which was substituted by the concession now in force:

"ARTICLE 1. In accordance with the provisions of the contract of February 16, 1909, entered into between Mr. Alberto Stein and the department of fomento, the company is obligated to maintain the principal irrigation works, in order to be able to make an equitable distribution of the available water to the lands now in cultivation and that may hereafter be brought under irrigation.

"ART. 10. The water users shall build, at their own expense, the secondary or lateral canals for conveying the water to the lands to be irrigated, and in the cases mentioned in article 15 the landowners of each section who use the same canal shall have a common representative to apply for water for his district and also to distribute the water delivered at the intake gates of the main canal."

(b) From the regulations approved by the department of fomento, May 27, 1911, in accordance with the original concession, which was substituted by the one now in force:

"ART. 2. For the purpose of maintaining and operating the irrigation system the main canal and its branches and all the structures appertaining thereto, such as head gates, check gates, bridges, etc., shall be under the exclusive supervision of the company.

"ART. 3. The primary, secondary, and tertiary canals, and likewise the structures existing therein, shall be under the supervision of the respective landowners. Therefore, the construction of this part of the irrigation system, and likewise the maintenance and operation thereof, shall be for the account of all landowners who receive water through the primary canals proportionately to the area of land belonging to each.

"ART. 4. For the purposes of articles 10 and 15 of the respective tariff, each primary canal and all works used in connection therewith for the delivery of water shall be considered a district.

"Therefore the water users of each district shall designate a common representative who shall deal directly with the company in all matters pertaining to the maintenance of the irrigation system and the diversion and use of water.

"ART. 5. The representative of each district shall be obligated:

"(a) To comply with the obligations imposed by the tariff and these regulations.

"(b) To maintain in good serviceable condition the hydraulic works for the distribution of the water, for which purpose he shall fix, by agreement with the landowners, the quota that each shall pay, the manner of administering the funds, and the form in which work is to be carried on.

"ART. 14. All persons, other than those designated by the company, are prohibited from operating the head gates of the main canal and its branches, and likewise from constructing in said canal and its branches any new work or from modifying the work now existing.

"ART. 15. Likewise, all persons other than those designated by the water users for the distribution of the waters are prohibited from operating the head gates or other canals of the irrigation system."

To such an extent was the attitude of the company justified in opposing the onerous modification of its obligations that the department, under your able direction, ordered the water users to appoint a common representative for each irrigation district to receive the water at the intake gates of the primary canals, and this has been done.

## CAUSE II.

7. The articles of the concession that the department cites with relation to this second cause of forfeiture are as follows:

ART. 5. The company is obligated to undertake the following works:

A. One or more storage dams to be situated in that section of the Yaqui River comprised between the point called soyopa and its confluence with the Babilpe River and in the Babilpe River between said confluence and the confluence of the Fronteras and Babilpe Rivers.

B. A diversion dam at that point on the Yaqui River, known as Los Limones.

C. Two irrigation canals starting from the dam at Los Limones and extending one along the left and the other along the right bank of the river, the first connecting at Los Hornos with the canal now belonging to the company and serving for the irrigation of the lands situated on the left side of the Yaqui River; and the second for the irrigation of the largest area of land possible on the right bank of the river.

D. The systems of secondary canals and other works intended for conveying, distributing, and utilizing the waters for lands belonging to the company susceptible of irrigation.

E. The works necessary for the formation of one or more falls, in order to utilize the stored waters in the development of electrical power to be used for industrial purposes in general, and especially to operate the pumps necessary to complete the irrigation system.

F. The electric transmission lines and the plants necessary to utilize the electrical power.

ART. 15. For the purpose of this concession, the company shall be governed by the following periods, all dating from the day of its publication:



**I.** Six months to commence the construction of the canals, headgates, and other projected works for the irrigation of the lands situated on the left bank of the Yaqui River, the plans of which have already been approved by the department of fomento in accordance with the concession of the 16th day of February, 1909.

**II.** Eighteen months within which to present the plans for the storage and diversion dams.

**III.** Twenty-four months within which to commence the construction of the dams.

**IV.** Four years within which to present plans for the proposed works for the generation of electric power.

**V.** Four years within which to present plans of the works for the irrigation of lands on the right bank of the river.

**VI.** Five years within which to commence the construction of the works for the development of electric power.

**VII.** Five years within which to commence the construction of the works for the irrigation of lands on the right bank of the river.

**VIII.** Six years and six months for the completion of all the works, with the exception of those specified in section D of article 5, which works will be constructed as fast as the land is subdivided and sold.

These articles contain one express exception with relation to their application, which is set forth in the following article:

“ART. 16. The obligations incurred by the concessionaire company concerning the periods of time fixed in this concession shall be suspended in case of fortuitous circumstances or acts of God, duly substantiated.

“The said suspension shall continue only for such time as the cause thereof continues and the concessionaire company shall present to the department of fomento notices and evidence of such fortuitous circumstances or acts of God of the nature mentioned, within a period of three months from their occurrence, and should the company fail so to present such notices and evidences it shall at no time be heard to allege such fortuitous circumstances or acts of God.

“The company shall also present to the department of fomento notices and evidence of the immediate resumption of work upon the removal of the hindrance, which notices and evidence shall be filed within two months following resumption.”

8. In the early part of 1912 conditions in the district in which the works of the company are situated assumed such a grave character of insecurity that it was impossible for the company to continue the construction of the projected works. Exercising the rights conferred by article 16 in May, 1912, the company applied for the suspension of the periods set forth in its concession and filed evidence in support thereof. In the judgment of the department of fomento the evidence submitted was convincing and on August 9 of the said year of 1912 said department addressed to the company communication No. 1030, the relevant part whereof being as follows:

“Referring to the applications presented to this department by you as attorney in fact of the Richardson Construction Co., (Inc.), concessionaire for the use of waters of the Yaqui River in the State of Sonora for purposes of irrigation, requesting, in view of the conditions existing in that district, that the periods stipulated in article 15 of the contract of August 18, 1911, be suspended, I hereby state that in view of the reports in possession of this department, it accedes to your application and therefore the periods mentioned in article 15 of said concessions are suspended, until tranquillity is restored to the State of Sonora and normal conditions again prevail in the region of the Yaqui Valley, which I transmit to you for your consideration and action.”

The concession of August 18, 1911, was approved by the federal congress December 19 of the same year and was published in the official paper the 23th day of said month, from which last date all the periods established in article 15 are reckoned, as provided in said article.

From December 28, 1911, to the month of May, 1912, in which application was made for the suspension of said periods, not even the first 6 months stipulated in article 15 for the commencement of the construction of the proposed irrigation system had expired; much less the greater periods of 18 and 24 months and of four, five and six and a half years specified in subdivisions II to VIII of said article 15.

9. The conditions of insecurity, disturbance, and depredations that occasioned the suspension of the periods applied for in May, 1912, have not yet ceased. Alternatively they have been critical and then less serious but substantially

have continued to exist, so that no one can say that the situation in that district has become normal nor that tranquillity has been restored to the State of Sonora. For this reason the said periods have not again begun to run. To cite occurrences well known to the public, of which without doubt reports exist in the department under your able direction, furnished by the government of the State of Sonora and by the military authorities, I shall mention the following:

(a) In the month of October, 1917, Gen. P. Elias Calles, chief of the military operations in Sonora and Mr. C. G. Soriano, acting governor of the State of Sonora, issued the following proclamation:

"Notwithstanding the continuous, prudent and well-intentioned efforts made by the Government to reach a peaceful solution of the intolerable situation created since time immemorial in the State, principally in the central and southern districts thereof, by the rebellion of the Yaqui tribe, the inevitable moment has arrived of undertaking an armed, firm, certain, radical, and decisive campaign to put a definite end to a state of things that threatens to perpetuate itself, to keep business paralyzed and the sources of production closed in the richest sections of the State, with continuous alarm to the inhabitants of said region, important elements of labor and order, who are being slowly and cruelly destroyed by a relatively insignificant group of individuals who are refractory to all civilizing influence.

"It would be idle to try to set forth in detail the grave situation that in all time, but especially at the present time, has been and is being created by the banditry of the Yaquis. If they have heretofore constantly retarded the work and the exploitation of the best districts in the State, and have sown mourning and desolation in its families, producing a deplorable economic depression in said State, . . . it is now necessary to terminate in the shortest time possible and definitely such acts, which speak slightly of our progress."

Unfortunately this campaign, like others begun on a small scale against the Yaquis, was not continued to such point as to destroy the cause of the assaults, attacks, and systematic assassinations of these rebellious Indians.

(a) On the 6th day of December, 1917, a band of several hundred Indians attacked the town of Esperanza, burned the principal buildings of the company, with a loss to it of 34,000 pesos, which does not include the value of the personal effects belonging to its employees, and during the battle that ensued a considerable number of soldiers were killed and also four foreigners who were on the road south of said town.

(b) In the early part of January 18, the Yaqui Indians attacked a south-bound train as it passed through the Yaqui Valley and brutally assassinated 40 persons including men, women and children.

(c) The 8th of March of the same year the said Indians attacked the ranch of Chinocobi, to the south of Esperanza near Fundicion, killing two cowboys and taking all their stock.

(d) Towards the last of May Mr. Cenobia Ibarra, a farmer and 50 of his laborers were killed by the rebellious Indians about four kilometers south of the town of Bacum.

(e) On June 4 the Indians burned the railway bridges near Batomotal and the following day a band of several hundred of them attacked the town of Torim, burning some houses on the outskirts and killing at least nine persons.

(f) The 23d day of said month of June the Indians approached the outskirts of Cocorit and stole a considerable quantity of corn.

(g) July 18 following a band of the said Indians attacked the town of Cabora, situated some 20 kilometers from Fundicion, and took about 25 mules.

(h) In August of the same year a band of Indians, consisting approximately of 200 men, attacked the farmers near Potam, stealing their work animals, and during the same month they committed a similar depredation in the vicinity of Bacum station.

(i) During September, 1918, the Indians repeated such depredations, once at the San Pedro ranch on block 53, and another on block 29, between Bacum and Cocorit, in which two of the inhabitants were shot and two more were hung by the Indians.

(j) In speaking of the Yaqui situation Gen. P. Elias Calles, governor of the State of Sonora, in his message to the State legislature of September 16, 1918, states the following:

"The campaign against the rebellious Yaqui Indians has continued to be prosecuted by the military forces, with the assistance of the inhabitants of the threatened districts, by whom the evil is being slowly extirpated. \* \* \*

Some of the mayors of towns have addressed communications to the executive, asking for arms and ammunition with which to fight the rebellious Yaquis, all of which petitions were transmitted in due course to the general staff, which has promptly carried out the suggestions made in connection therewith.

"The rebellion of the Yaquis, which is a fatal obstacle to the advancement of the State, has been and will be difficult to extinguish, due to the tactics they employ in committing their depredations, which consist in evading contact with the pursuing troops and of attacking defenseless places, but in spite of all this it can be affirmed that the situation is improving, due to the efforts of the soldiers and civilians, and the day is not far distant in which we may find ourselves free from what now constitutes the principal obstacle to the development and growth of the most important agricultural region of Sonora."

In this connection it should be observed that the first political authority of the State of Sonora does not affirm that a condition of tranquillity has been reestablished, since he limits himself to stating that the "evil is being extirpated" and that "the situation is improving," and of predicting that "the day is not far distant when we may find ourselves free of what now constitutes the principal obstacle to the development and growth of the most important agricultural region of Sonora."

(k) In fact, on the 25th day of September, 1918, the Indians attacked three cowboys near the head gates of the company near Los Hornos and several days later penetrated as far as the town of Cocorit and sacked it, stealing several mules.

(l) October 6 following a small band of the Yaquis approached the vicinity of Block 31.

(m) About the middle of November, 1918, a train southbound from Guaymas in passing through the valley had to stop, due to the presence of a large band of Indians.

(n) During the same month the Indians appeared on two occasions near the head gates of the company at Los Hornos and at another time on the bank of the river opposite this point.

(o) As is their custom, and as pointed out by the governor of the State of Sonora, the Indians avoid fighting; they retire when attacked; they return to any place they find without defense in which they can sack, kill, and commit all kinds of outrages; and therefore so long as such conditions of insecurity exist, they can not be said to be normal, and it is impossible that any concern attempt to renew its operations, not only because of the futility of such efforts but because of the danger to which their laborers and employees are exposed.

(p) The town of Torim, which previously had a population of 3,000 inhabitants, is almost abandoned, and the same applies to Potam and Vicam; the Southern Pacific Co. has not been able to rebuild its bridges and culverts, except temporarily, and its service south of Guaymas, where previously there were at least one passenger train and one freight train daily, now is reduced to a mixed train three times a week, which requires at least double the running time previously consumed.

(q) When the governor of the State of Sonora and the commander of its military forces affirm that the activity of the Indians "threatens to perpetuate itself, to keep business paralyzed and the sources of production closed in the richest sections of the State," and it should be noted that such sections comprise the valley of the Yaqui; when they further affirm that this situation causes "conditions alarming to the inhabitants of said region, who constitute the sources of labor and order and who are being slowly and cruelly destroyed"; when they affirm that the Yaquis "have retarded the development and exploitation of the best portions of the State, and have sown mourning and desolation in its families, producing a deplorable economic depression"; and when, finally, as late as the 16th day of September, 1918, the governor of the said State affirms that the rebellion of the Yaquis "now constitutes the principal obstacle to the development and growth of the most important agricultural region of Sonora"; and this region being none other than that wherein are situated the lands and irrigation works of the company, there can be no doubt that "tranquillity has not been restored to Sonora," that normal conditions have not returned to the region of Yaqui Valley, and, therefore, in the terms of the communication No. 1030 from the Department of Fomento, dated August 9, 1912, the periods referred to in articles 5 and 15 of the concession continue suspended, and the company has not violated the said articles, and

the proposed forfeiture of said concession, predicated by the department under your able direction on the alleged infraction thereof, is not warranted.

### CAUSE III.

II. Article 9 of the concession to which this cause of forfeiture relates is as follows:

"The company must construct its hydraulic works in accordance with the specifications approved by the Department of Fomento and in such manner as to allow the free passage down the river during the different seasons of the year in an amount sufficient to supply the water now being used by the different riparian owners during said seasons."

Said article is related to the following articles of the said concession:

"ART. 6. The company is especially obligated to respect existing water rights on the Yaqui River held by riparian owners below the different storage reservoirs to be built by the company.

"ART. 7. In order to investigate said existing rights, the amount of water being used, and the manner and other details for supplying same, the Department of Fomento shall appoint a commission to make a study of the river, existing canals and irrigation works.

"Said commission shall complete its labors within the maximum period of one year from the date of the publication of this contract, a period considered sufficient for the completion of the work.

"Nevertheless, if because of any act of God the commission can not commence its labors within the period specified, said period shall be extended for a period sufficient to make up the lost time."

"ART. 8. As soon as the reports of said commission are filed the Department of Fomento shall decide the volume of water indispensable to satisfy the existing water rights as well as the seasons, duration, form, and other details concerning its supply, the company obligating itself to carry out the orders issued by the Department of Fomento regarding this point."

In accordance with the articles set forth in paragraph 10 hereof, the obligation of the company to permit the free passage down the river of the amount of water which at the time of granting the concession was being used by the riparian owners, was subject to the following prior conditions:

(a) That the Department of Fomento should appoint within a period of one year a commission to study the river and the then existing canals and irrigation works;

(b) That this period should be extended in case of the intervention of an act of God;

(c) That said commission should render a report on the amount of water then being used and the manner and other details relating to its use;

(d) That the Department of Fomento, in view of such report, should determine the amount of water indispensable to supply said water rights, also the seasons, duration, form, and other details pertaining thereto.

None of this has been done, or at least so far as the company knows or has been officially informed thereof.

12. In effect, no decision has yet been reached regarding the extent of the water rights that the company must respect, nor the amount of water necessary to be allowed to pass down the river; neither has there been any determination as to the seasons, duration, form, and other conditions by which the company must be governed. If, therefore, these previous requirements have not been complied with, and it is to be supposed that this failure is due, not to the negligence of the Government, but to acts of God, the company not only has not violated article 9 of the concession, but it has not even been possible for said article to have been violated.

13. Notwithstanding the foregoing, the company submits the following statement of facts.

(a) That if said riparian owners have failed to use the water of the river, this is certainly due either to the fact that they have not cared to use the water or they have not had the necessary facilities for diverting same, neither cause of which is in any way chargeable to the company.

(b) That the company has permitted the free passage down the river of an amount of water notoriously in excess of that required to satisfy the rights of the riparian owners existing before the date of the concession, which can be seen from the following table:

	Hectares cultivated.	Total run-off of river, cubic meters.	Waters diverted and delivered by company, cubic meters.
July, 1911, to June, 1912.....	9,593	3,915,390,000	80,662,706
July, 1912, to June, 1913.....	10,345	5,518,380,000	95,553,308
July, 1913, to June, 1914.....	10,811	3,033,230,000	75,567,784
July, 1914, to June, 1915.....	8,874	13,279,950,000	53,522,373
July, 1915, to June, 1916.....	5,982	3,158,210,000	66,023,518
July, 1916, to June, 1917.....	6,746	3,686,050,000	82,579,501
July, 1917, to June, 1918.....	11,023	709,060,000	101,771,234
July, 1918, to December, 1918.....	8,621	1,906,509,000	55,935,977

As appears from the foregoing table, the amount of water diverted and delivered by the company during a period of seven and one-half years, in accordance with the concession, has been much less than the total run-off of the river, and, therefore, there has always passed more than enough water for the riparian owners referred to in articles 6, 7, 8, and 9 of said concession. In the year 1917-18, the year of greatest scarcity, the run-off exceeded 600,000,000 cubic meters, and since the total area of the riparian land capable of being irrigated, as shown by reports heretofore rendered by the company, barely comprises 4,300 hectares, it is evident that there has not been, neither could there have been, any violation of said article 9, even though the Department of Fomento had already concluded the work of investigation, had determined the amount of water to be respected as belonging to said riparian owners, and the seasons, duration, form, and other details relative to its use. The following table shows in detail by months for the exceptional year of 1917-18 the comparative amounts of the total run-off of the river and the water diverted and delivered by the company under its concession.

Months.	Total run-off, cubic meters.	Diverted and delivered by the company, cubic meters.
1917.		
July.....	66,155,000	3,578,179
August.....	67,725,000	3,787,376
September.....	58,109,000	12,814,337
October.....	55,516,000	8,838,291
November.....	49,219,000	15,459,827
December.....	38,418,000	13,790,905
1918.		
January.....	73,504,000	11,232,933
February.....	125,113,000	7,081,370
March.....	35,129,000	6,831,774
April.....	15,712,000	10,258,905
May.....	10,604,000	6,065,413
June.....	113,853,000	2,031,920
Total.....	709,057,000	101,771,234

Therefore, the third alleged cause of forfeiture does not exist.

#### CAUSE IV.

14. An attempt is made to base this cause of forfeiture on article 18 of the concession, which is literally as follows:

"The company obligates itself to prove to the Department of Fomento, within a period of 18 months from the date of the publication of this concession, that it has available not less than 1,000,000 pesos with which to begin the construction of the dams referred to in Subsection III of article 15. Within the period of 18 months following it shall prove that it has available not less than 4,000,000 pesos with which to continue the irrigation works." The company refers to and makes a part hereof of all and each of the facts and arguments set forth under the second cause of forfeiture. It having been established

in paragraphs 7, 8, and 9 of this document that the periods fixed in the concession for the construction of the works were declared suspended and that such suspension shall continue to exist, legally the period of 18 months within which the company was to prove that it had available 1,000,000 pesos with which to begin the construction of the dams referred to in Subsection III of article 15 has not expired, much less the period of 18 months subsequent thereto, within which the company was to prove that it had an additional amount of 4,000,000 pesos to continue said irrigation works.

15. Furthermore, in order to demonstrate the fixed purpose of the company to advance its works in spite of all the obstacles and the general paralysis of business, it submits the following:

(a) Before the expiration of the first 18 months after December 28, 1911, it had already invested more than 1,000,000 pesos of national gold in the works covered by its concession.

(b) That the company, in order to continue constructing its work, as early as the month of December, 1912, had made arrangements with the Canadian Agency (Ltd.), for one and a half million dollars of American money, of which it invested in the enterprise \$600,000.

Therefore, the company not only has not failed to comply with article 18 of said concession, but in view of the fact that the periods were in due course suspended by the Department of Fomento, it has done far more than it was obligated to do.

#### CAUSE V.

16. This cause of forfeiture is based on the alleged violation of the article 19 of the concession, which is as follows:

"The company obligates itself to subdivide and sell within a period of 15 years to be reckoned from the termination of the period of 6 years and 6 months referred to in Subsection VIII of article 15, all its lands susceptible of irrigation, or not less than 150,000 hectares, of which it shall subdivide and sell at least 10,000 hectares annually. For the purposes of this article the subdivision and sales made by the company prior to the date of the commencement of said period and subject to the conditions stipulated shall be applied on said areas."

In accordance with the preceding article the company is obligated to subdivide and sell within a period of 15 years all its lands, with the understanding:

(a) That said period shall begin to run six years and six months from the date of the publication of the concession, which period expired June 28, 1918.

(b) That the minimum area to be subdivided and sold by the company shall be 10,000 hectares annually.

17. The company refers to and makes a part hereof all the facts and agreements set forth under the second clause of forfeiture, and pursuant thereto it affirms that all the periods fixed in article 15 of the concession having been suspended and said suspension being still in effect, only a few months of the period of six years and six months mentioned in said article 19 have elapsed. Therefore, there has not been, neither could there have been, any violation of said article, in view of the fact that the first year during which the company was to have subdivided and sold a minimum area of 10,000 hectares has not yet begun.

18. But, furthermore, said article 19 clearly provides that all subdivisions and sales made before the date on which the said period of 15 years should begin to run should be included in said areas. The company has already subdivided more than 40,000 hectares of its irrigable lands, of which it has sold more than 13,000 hectares. As this area is to be applied on the area of 10,000 hectares to be sold during the first year, there is an excess of 3,000 hectares over the minimum to be subdivided and sold during this period.

19. But the strangest part of the matter is that, in alleging a violation of article 19, it is assumed that the first year of the 15 years in which the subdivision is to be completed has already expired. However, even assuming that the periods had not been suspended, which is assuming that which is not a fact, the year referred to in article 19 would have begun June 28, 1918, and would not expire until June 28, 1919.

20. Can more conclusive evidence be adduced that there has been no violation of article 19?

(a) The period of 15 years has not begun, since all the periods mentioned in the contract are suspended.

(b) Chronologically, as shown by the calendar, the first years of the 15 years stipulated in article 19, which should be reckoned from June 28, 1918, has not

elapsed, even under the erroneous assumption that the said periods were not suspended.

(c) And, more convincing still, the company has already subdivided and sold 13,000 hectares of its lands, or 3,000 more than the minimum area it was obligated to sell during the first of the 15 years stipulated.

#### CAUSE VI.

21. It is purposed to base this cause of forfeiture on the inobservance of article 21 of the concession, which provides as follows:

"The company shall be obligated to advise this department as soon as possible of all sales as they are hereafter made, and all sales contrary to the provisions of the preceding article where the land sold is in excess of 2,000 hectares, shall be void."

22. This article contains two distinct provisions:

(a) One, fundamental in character, in accordance with which the company can not sell to one person an area in excess of 2,000 hectares.

(b) The other, which is administrative, provides that the company shall report future sales to satisfy the Government as to compliance with the restriction last above mentioned.

The sanction relative to the fundamental provision was the forfeiture of the concession in case of violation, the essential purpose of the Government being to effect the subdivision of the lands.

Such sanction was not stipulated relative to the administrative provision, since no definite period was fixed within which the company must report its sales, nor were such reports essential to the purpose of the concession.

23. In view of the foregoing there are no grounds for the forfeiture of the concession, if based on the assumed infraction of article 21, for the following reason:

(a) Because, with relation to sales made prior to the date of the concession, the Department of Fomento was advised thereof by the filing of maps showing such sales.

(b) Because since the date of the approval of the concession the company has made no sales, and if some of the deeds bear a subsequent date their execution was merely in pursuance of contracts previously entered into by the company.

(c) Because the company has reported to the Department of Fomento all sales heretofore made, with the name of each purchaser, the area and number of the block and lot by each purchased and the date of the original contract, or of the deed of conveyance, where the deed has been granted. This report was rendered July 12, 1918, in answer to a communication of June 12 preceding received from the Bureau of War.

(d) Because the obligation of rendering such reports refers only to sales made in the future, and not those of a date prior to the time the concession became effected.

(e) Lastly, and this reason in itself is sufficient, because the company has never sold to a single person an area of land in excess of 2,000 hectares, and only a violation of this prohibition could be used as a cause of forfeiture based on this article of the concession.

#### GENERAL ALLEGATIONS.

The forfeiture of the concession, as demonstrated, is unwarranted either from a technical or a legal point of view. Might the Government then base such forfeiture upon considerations of equity?

The company sincerely believes that in all matters pertaining thereto every consideration of equity tends to favor the continuance of the concession in force and leads to the conclusion that the Federal Government should support and assist the company.

24. In the midst of the most tremendous social, economic, and political convulsion through which the Republic of Mexico has passed since its inception; and in the midst of the most frightful and profound convulsion of the entire world, the company has endeavored in so far as it has been possible, I shall not say to comply with its obligations, but even to do more, and in fact it has done more.

With entire good faith it entered into the contract of August, 1911, which contract was approved in December of the same year.

It undertook with determination the construction of the irrigation works; it continued with the subdivision of its lands and continued the sale thereof previously begun, and it built canals, installed structures, irrigated lands, its efforts always being of a constructive nature.

It has not been discouraged by revolutionary conditions; nor by constant insurrections, depredations, and outrages of the Yaqui Indians; nor by the absence of protection to its property, employees, and laborers; nor by pecuniary losses sustained by the uninterrupted destruction of supplies; and, above all, by the paralysis of its operations and the unproductiveness of the capital invested, as a consequence of the general insecurity in the country and especially in the district in which its irrigation works are situated. How might the company, even though it had desired so to do, have continued with the construction of its works when, apart from the menacing conditions, as stated, were added the repeated interruption of railway and telegraphic service, the lack of banking facilities, the instability of the money in circulation, the shortage of labor, the encountered difficulties on both sides of the frontier in the importation of machinery and supplies, the legislative enactments either menacing to or destructive of vested rights, and of more importance still, the unanswerable question as to when these evils should cease?

(a) The company has already invested more than 2,500,000 pesos of national gold in the construction of its irrigation system, which includes the temporary diversion dam, the intake gates at Los Hornos, 550 kilometers of main and lateral canals, 630 kilometers of wagon roads, 918 canal structures, and 150 bridges.

(b) The company has converted into irrigable agricultural land 17,720 hectares that previously were suitable only for grazing; it has subdivided more than 40,000 hectares, and of this area has sold more than 13,000 hectares to about 300 farmers in areas averaging 40 hectares each, in the improvement of which said purchasers have expended more than a million pesos; and in this way the company has solved, not theoretically, but practically, the greatest problem of Mexico—the subdivision of rural properties. Since the year 1911 the company has furnished water for the irrigation of 72,495 hectares of land, which is an average of 9,666 hectares per year.

(c) By considerable expenditure of time and money the company studied and compiled data relative to all the engineering problems concerning the storage, diversion, and distribution of the waters of the Yaqui River, and has prepared maps of the works necessary thereto, many of which have already been approved by that department.

(d) The company, at an expenditure of 160,000 pesos of Mexican national gold, has installed and maintained an agricultural experimental station and a demonstration farm, the results of which have been the improvement of many crops, the introduction of new crops, the increase of production, and the adoption of modern methods of cultivation; all of which has been set forth in bulletins printed in English and Spanish and gratuitously distributed.

(e) The company has reinvested in the Yaqui Valley all the money it has received from the sale of its lands and of water delivered through its canals, and has even invested additional capital, and has not distributed any dividends to its stockholders.

(f) After putting forth so much effort and making so many sacrifices, after overcoming so many obstacles and apparently impossible conditions capable of deterring anyone with less determination and good faith, instead of receiving encouragement and support from the Federal Government the company is met with a threat of forfeiture of its concession and the loss of its large amounts of money invested and all that has already been accomplished toward the betterment in one of the most important agricultural districts of the Republic of Mexico.

25. There is no reason either in fact or in law, nor even of a purely technical character, still less of equity to justify such a threat, and much less the carrying of it into effect.

We are at a loss to understand it, except by rumors that have come to our attention that the governor of the State of Sonora has insisted that, at all hazards, the concession be nullified. It appears that he sent a telegram to this effect to the President of the Republic, of which he advised the town councils of Cocorit and Bacum, and that he is attaining his purpose.

There is no doubt that these rumors are true, because Gen. Calles has shown ill will against the company in published official documents.

In his report to the Legislature of the State of Sonora of September 16, 1913, he makes the following impassioned statements:



(a) That the company "frequently refuses to deliver water to the farmers, thereby causing the loss of a considerable portion of their crops." Not true.

(b) "That the company, protected by a concession granted by the former Dictatorial Government \* \* \* has not complied with any of its obligations." Not true.

(c) That the company "has always deceived the Federal Government \* \* \*." Not true.

(d) That he, the governor, invited the secretary of agriculture and fomento "to come personally to visit the Yaqui River to satisfy himself that the company has failed to comply with the terms of its concession, which has caused and is continuing to cause incalculable damage to the richest district of the State, and to admire the ridiculous irrigation works undertaken by said company."

It is difficult to conceive of so much ill will on the part of a governor of a State toward a company that has scrupulously complied with all its obligations, that is desirous of being a benefactor to the district and to the country, and that is anxious to continue a work that is of utmost importance and benefit to the State of Sonora.

He ever refers to the Government existing on December 19, 1911, as a dictatorship.

He even affirms that the irrigation works of the company are ridiculous, when they have received the approval of the most eminent engineers of the world, and when men of the highest technical reputation, such as the engineer Roberto Gayol, have not hesitated to characterize them as of the highest order, as may be seen in the report made by Mr. Gayol September 18, 1912, for the *caja de prestamos*.

Furthermore, the proposed agrarian law of the State of Sonora involves a menace to the company, article 2 thereof being as follows:

"The supplying of water to settlements for the irrigation of land is declared to be of public utility, and therefore the Government, pursuant to investigations, shall propose to the Federal Government the nullification of water concessions granted prior to this law, if such concessions are detrimental to the people or if the water can be made to render greater service to a greater number of farmers."

27. In spite of the foregoing the company relies upon the right and justice of its cause.

The facts on which the company bases its defense, either appear in public documents or are a matter of public knowledge and, therefore, the company assumes that the department under your able direction will accept them as true. But if in connection with any of the aforesaid facts that department requires the presentation of further evidence, the company hopes that it will be so advised and that time will be granted for the filing of such evidence. The company, in view of the foregoing, and reserving such remedies as the law provides, respectfully requests that you hold that the said concession of August 18, 1911, and approved by the Federal Congress December 19, 1911, be not subject to forfeiture.

Los Angeles, Calif., February 1, 1919.

Respectfully submitted.

H. A. SIBBET.

As attorney in fact of the Richardson Construction Co. (Inc.), I hereby ratify, confirm, and reiterate the foregoing petition.

PROTEST OF YAQUI DELTA LAND & WATER CO. FILED WITH THE SECRETARY OF STATE OF THE UNITED STATES ON THE — DAY OF MAY, 1917, AGAINST CERTAIN ACTS THREATENED UNDER THE NEW CONSTITUTION OF MEXICO PROMULGATED MAY 1, 1917.

The SECRETARY OF STATE OF THE UNITED STATES,

*Washington, D. C.*

SIR: On behalf of the Yaqui Delta Land & Water Co., I desire to protest against the carrying into effect of certain articles or subdivisions thereof contained in the constitution of May 1, 1917, of the United Mexican States, in so far as they authorize the Government of the United Mexican States, or of the State government of Sonora, to deprive your protestant of rights to protection

guaranteed by existing treaties between the said United Mexican States and the United States of America.

Your protestant is a corporation organized under the laws of the State of Delaware, by citizens of the United States, and composed exclusively, so far as known to your protestant, of such citizens. It owns the entire capital stock of the Cia. Constructora Richardson, S. A., a corporation organized and existing under the laws of Mexico, both of which said corporations were incorporated and organized long prior to the adoption of the said constitution of May 1, 1917, and under the protection and guaranties of the treaties then and now effective between the United States of America and the United Mexican States, and, particularly, to that clause of the treaty of amity, commerce, and navigation of April 5, 1831, which provides:

"ART. XIV. Both the contracting parties provide and engage to give their special protection to the persons and property of the citizens of each other, of all occupations, who may be in their territories, subject to the jurisdiction of the one or the other, transient or dwelling.

"ART. XV. The citizens of the United States of America residing in the United Mexican States shall enjoy in their houses, persons, and property the protection of the Government \* \* \*."

Relying upon the guarantees aforesaid, Cia. Constructora Richardson, S. A. purchased from individual owners thereof from time to time certain tract or tracts of land located in the State of Sonora, in what is known as the Yaqui Valley, and also obtained from the Mexican Government certain rights to store and divert the waters of the Yaqui River contiguous to said lands, which said rights were duly confirmed and extended by the act of Congress of the United Mexican States, signed December 19, 1911, by the president, Francisco I. Madero, for all of which full consideration was given and paid by your protestant. These said lands are of little or no value as productive areas without irrigation, and your protestant in and by its contract with the said United Mexican States is under obligation to proceed with the project of bringing water to such lands and distributing the same to actual cultivators of the soil within a limit of time fixed in said contract.

In the prosecution of this project your protestant and its predecessor have expended, or caused to be expended, large sums of money, and have thereby fully maintained their obligations under the said contract with the Mexican Government, have opened up large parts of said tract for actual cultivation, and are preparing, when the political condition of Mexico is deemed to warrant the same, to prosecute the full project to a completion. In view of the foregoing situation your protestant respectfully brings to your attention Article XXVII of the said new constitution of Mexico, and protests that the embodiment of these provisions into law and the carrying of the same into operation will be in direct derogation of and destructive to your protestant's rights as guaranteed by the treaties aforesaid, particularly attention being called to the provision in said article which reads:

"Foreigners may not under any condition acquire direct ownership of lands and waters which are not distant at least 100 kilometers from the national boundary line or 50 kilometers from the coast line.

"Commercial corporations or stock companies may not acquire, possess, or administer agricultural lands.

"All contracts and concessions granted by former governments since 1876 which have tended to segregate in the hands of any individual or corporation lands, waters, or other natural riches are hereby declared revisable, and the executive of the nation is authorized to declare them null and void if they imply serious detriment to the public interest."

Other provisions of said article provide for the expropriation of lands in excess of an amount to be fixed by legislative action, compelling the owner to accept State bonds of a special debt, guaranteeing payment for the property expropriated in installments over a period of 20 years.

Your protestant, therefore, respectfully prays for protection at your hands of its treaty rights against the infraction and confiscatory provisions of the constitution aforesaid, or any laws enacted or purporting to be enacted by virtue thereof; further calling your attention to the fact that under certain alleged taxing decrees certain property of your protestant has already been carried off, and preparations are being made to divest your protestant of their rights, under the guise of tax legislation, confiscatory in its character, and, as your protestant believes, transient in its nature, and solely designed to bring about a transfer of your protestant's rights in the property and under the contract aforesaid to

Mexicans or other nationals with whom the Mexican Government seems to be more friendly than with those of the United States of America.

Believing that only an earnest, prompt, and forcible protest on the part of the United States to the United Mexican States against the infraction under guise of the treaty rights aforesaid inherent in your protestant, will it be possible to check the confiscation and destruction of your protestant's property in Mexico, your protestant respectfully prays that such protest be made, and that it be given such other protection as the Government can afford.

Very respectfully,

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LOS ANGELES, CALIF., November 13, 1916.

THE SECRETARY OF STATE,  
Washington, D. C.

DEAR SIR: I beg to call your attention to the following communications, recently received from Mr. John Davidson, British consul at Guaymas, Sonora, Mexico, relating to the subject of taxation:

The 9th instant, Mr. Davidson wrote as follows:

*"Taxes.*—A circular has just been published by the administrator de rentas, notifying all tax delinquents that unless taxes are immediately paid 'ley co-activa' will be applied without any further notice, in view of the Government's need of money."

Under date of the 11th instant, I received from him the following telegram:

"Administrador de rentas showed me telegram received to-day ordering him to exact deposit of assessed taxes from all companies in Rio Yaqui and he interprets it as referring to all foreign holdings. Otherwise, telegram says, *ocurso* will be *desechado de plano* and he is instructed to proceed according to law."

The information contained in these communications has a very grave significance to hundreds of Americans owning property in the Yaqui Valley, State of Sonora. The telegram means that the tax collectors are to demand immediate payment of taxes, that no petition or protest by property owners will be considered until the amount of the tax is deposited, and that if payment is not made immediately, proceedings will be instituted to sell the properties for taxes.

As has been communicated to you on sundry previous occasions, the taxes that the State government is attempting to levy are based upon official appraisements ordinarily from 400 to 1,000 per cent in excess of the actual market value of the lands, to which is applied a rate from eight-tenths of 1 per cent to 2 per cent, dependent upon the arbitrary ruling of the collector. At the present time, and for more than two years past, it has been impossible for the owners to realize any profits from their holdings due to the destruction of the railroads, the Yaqui Indian raids, and the general unsettled conditions. Any action taken by the State officials to enforce payment against the land will be in the nature of administrative proceedings, from which there is no recourse by appeal or otherwise and no period of redemption allowed.

You will observe that the tax collector understands his instructions from his superiors to be that he is to proceed only against foreigners. It is practically impossible for American property owners to pay this tax, as all they have is represented by their land investments and improvements thereon, from which they are unable to obtain any revenue or otherwise raise money to meet these onerous and unjust levies.

As president of the Compania Constructora Richardson, S. A., and of several other corporations owning land in the district referred to, I most earnestly request that the State Department interpose its good offices with the Government of Mexico to stay the proceedings referred to and to procure an equitable adjustment of this question of taxation.

Hundreds of other American citizens who have invested their money in good faith in the lands referred to and in making improvements thereon, and who are now practically deprived of the beneficial use thereof are as vitally affected by these new orders as I and my associates are.

Respectfully, yours,

W. E. RICHARDSON.

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NEW YORK, February 17, 1919.

THE SECRETARY OF STATE,  
Washington, D. C.

SIR: On behalf of the Yaqui Delta Land & Water Co., a corporation of the State of Delaware, United States of America, all of whose stockholders are

American citizens, and which, by ownership of all of the capital stock of the *Compania Constructora Richardson, S. A.*, a Mexican corporation, owns a considerable body of land and improvements in the Yaqui Valley, State of Sonora, Mexico, I desire to call your attention to a proceeding instituted by the executive branch of the Mexican Government, having for its purpose the cancellation of a contract between said *Compania Constructora Richardson, S. A.*, and the Mexican Government, entered into August 18, 1911. This contract—copy of which is inclosed—together with tariff and regulations pertinent thereto provides for the construction of an irrigation system by the *Compania Constructora Richardson* within certain stated time limits to irrigate said company's land and all other lands susceptible of irrigation in the Yaqui Valley; it provides also for the operation of said irrigation system by said company and for the subdivision and sale of said company's lands that are susceptible of irrigation. All land owned by said company was acquired by purchase mainly from private owners.

The Mexican Government, in notifying the company of the proposed cancellation, confines itself to stating broadly that the company has not complied with the obligations imposed upon it by certain stated articles of said contract, but does not state specifically wherein the company has failed to comply with said articles.

I inclose herewith copy of the *Compania Constructora Richardson's* defense to the proposed cancellation of its contract, which will be filed with the Mexican Government on or before the return day fixed, to wit, February 20, 1919.

Almost from the date of the contract conditions in Sonora have been most abnormal, because of the revolution and the numerous depredations of the Yaqui Indians in connection therewith. Because of these conditions the company, in April, 1912, acting under article 16 of the contract, applied for a suspension of the time limits on performance in said contract, and the Mexican Government in recognition of the conditions existing did, under date of August 9, 1912, in official document No. 1030, grant such suspension "until tranquility is restored to the State of Sonora and normal conditions again prevail in the region of the Yaqui Valley." That tranquility has not been restored, and that normal conditions do not prevail is abundantly established by the company's answer aforesaid, and formal recognition of this is shown by recent official utterances of Gov. Calles, of Sonora, quoted therein.

The *Compania Constructora Richardson* entered into the contract in absolute good faith, and notwithstanding the abnormal conditions and the privilege of suspending work, has continued compliance with its obligations as best it could. It has to date expended upwards of \$1,250,000 in making extensive surveys and studies for the storage, diversion, and distribution of the waters of the Yaqui River and in the actual construction of its irrigation system, which to date comprises a temporary diversion dam and intake gates, 36 miles of main canal, 320 miles of laterals, 818 canal structures, 150 bridges, and 400 miles of wagon roads. It has converted from grazing to cultivable land 44,300 acres, and has subdivided and sold over 32,000 acres of its own land to about 300 actual settlers, an average of about 100 acres each.

Since entering the contract in question the company has continued at a loss to operate its irrigation system to the limit of capacity, and has during this period furnished water for the irrigation of 181,237 acres of land, an average of 24,165 per year.

It has, at an expenditure of over \$80,000, installed and maintained an agricultural experiment station, the results of which have been published in bulletins, printed in English and Spanish, and gratuitously distributed.

In addition to its investment of subscribed and borrowed capital, it has re-invested all the money received from the sale of its lands and from water delivered through its canals. It has paid no dividends on its stock, and no interest on its investment.

A careful and unbiased scrutiny of the company's history leads to the inevitable conclusion that no grounds, either substantial or technical, legal or equitable, justify a cancellation of its contract, but it is commonly known through Sonora that the governor of that State, Gen. P. Elias Calles (whose attempts to divest all property from foreigners in Sonora, through drastic tax decrees are already familiar to your department), is bitterly opposed to the *Compania Constructora Richardson*, and we have evidence that the Mexican Government was moved to this procedure of cancellation by certain recommendations of Gov. Calles, which, being quite consistent with the national policy of

confiscation, were promptly approved and acted upon. I am informed upon reliable authority from Mexico City that the case is already predetermined, and unless there is prompt and vigorous diplomatic interference by the United States, the Federal Government of Mexico will disregard any defense of the company and will cancel the contract on or very soon after February 20, 1919, when the proceeding is returnable.

Therefore, on behalf of the stockholders of the Yaqui Delta Land & Water Co., all of whom are American citizens whose property is threatened with destruction, I most earnestly request that you interpose a strong protest to Mexico against its proposed action, and that you take such further and other steps as you may deem wise to prevent this most flagrant violation of the rights of American citizens in Mexico.

Very respectfully, yours,

FREDERIC N. WATRISS, *President*,



# INVESTIGATION OF MEXICAN AFFAIRS.

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THURSDAY, SEPTEMBER 18, 1919.

UNITED STATES SENATE,  
SUBCOMMITTEE OF THE COMMITTEE ON FOREIGN RELATIONS,  
*Washington, D. C.*

The subcommittee met pursuant to adjournment, at 11.50 o'clock a. m., in room 201, Senate Office Building, Senator Albert B. Fall presiding.

Present: Senators Fall (chairman) and Brandegee.

The CHAIRMAN. Two or three witnesses who were expected to be here this morning will not be able to attend until to-morrow morning. While there are other witnesses whose testimony could be taken, it would not be in line with the present investigation, and we desire to close up on this line. For that reason, the subcommittee will stand adjourned until to-morrow morning at 11 o'clock.

(Thereupon, an adjournment was taken until to-morrow, Friday, September 19, 1919, at 11 o'clock a. m.)





# INVESTIGATION OF MEXICAN AFFAIRS.

FRIDAY, SEPTEMBER 19, 1919.

UNITED STATES SENATE,  
SUBCOMMITTEE OF THE COMMITTEE ON FOREIGN RELATIONS,  
*Washington, D. C.*

The subcommittee met pursuant to adjournment, at 11.05 o'clock a. m., in Room 201, Senate Office Building. Senator Albert B. Fall, presiding.

Present: Senators Fall (chairman) and Brandegee.

The CHAIRMAN. I am requested by the other members of the committee to count them for a quorum, and announce that one at least will be in later.

We may proceed with the hearing.

## TESTIMONY OF DR. HENRY ALLEN TUPPER.

(The witness was duly sworn by the chairman.)

The CHAIRMAN. Doctor, will you kindly state your name, occupation, and residence for the record.

Dr. TUPPER. My name is Henry Allen Tupper; I am the pastor of the First Baptist Church, Sixteenth and O Streets, Washington, D. C. My residence is Richmond Hotel, Seventeenth and H Streets, Washington, D. C.

The CHAIRMAN. Doctor, you understand that this hearing is being held under authority of a resolution passed by the Senate—

Dr. TUPPER. I do, sir.

The CHAIRMAN. Instructing this committee to inquire into Mexican affairs generally, certain phases specifically, and to report to the Senate. Have you a statement that you desire to make, Doctor?

Dr. TUPPER. Senator Fall and gentlemen—

The CHAIRMAN. You may keep you seat if you prefer, Doctor. Just remain seated.

Dr. TUPPER. Allow me to express my appreciation of your courtesy in granting me the privilege of appearing before your committee, and I hope, sir, that I shall not presume upon this courtesy in an initial statement that I shall now make which may throw light upon my activities in connection with the present government in Mexico.

May I preface what I have to say with the remark that my statements this morning will be not a matter of memory or of opinion or of inference, but they will be based altogether upon documentary evidence that I have before me here, and I am sure that you desire, as you should desire, all the illumination you possibly can get upon this very important question.

My interest in Mexico extends through the years. About 30 years ago, as a young man, I went to Mexico City and met that remarkable man, President Diaz, and I may say one of the most remarkable men I ever met.

In taking rather superficial notice of the affairs of Mexico at that time, I was impressed that while President Diaz did much for the material development of Mexico and the Mexican resources, there was not a proportionate interest taken in the education of the great masses of the people, and especially of the lower classes.

There seemed to be at that time two clearly defined classes in Mexico, the very rich and the very poor.

Senator BRANDEGEE. What time was this, Doctor?

Dr. TUPPER. This was about 30 years ago, sir.

Senator BRANDEGEE. Do you remember the year?

Dr. TUPPER. It was in, I think, the later eighties, if I recall. I cannot give you the exact date.

Senator BRANDEGEE. I thought perhaps your documents show.

Dr. TUPPER. No; I have not that record here.

May I proceed? I found these two classes there, the very rich and the very poor, the learned and the refined, largely the influence of foreigners or foreign lands, and the very poor, and the very ignorant and degraded.

The line between the two classes seemed to be rather thin, indeed, quite thin.

I returned to America. I immediately saw my father, who was at that time the corresponding secretary of the foreign missionary board at the head of our foreign missions of the Southern Baptist convention, and I talked to him about this matter, and his board had missions and educational institutions throughout the country, and I tried to quicken an interest in the education of the people of Mexico, and did all I could practically in that line.

I had an opportunity to make an attempt at the pacification of this country and for the development of the educational interests of the country in the summer of 1912. At that time Madero was President and Oroasco—Pascual Oroasco—was fighting against him.

By invitation and under the commission of the International Peace Forum I went to El Paso and with a friend I crossed the international bridge and in the customhouse I had my first interview with Pascual Oroasco; the second day another one. After several interviews he gave me a document of 3,000 words, the original of which I have in my hand, laying before me what his purposes were and, as he expressed it, a basis of peace with Madero.

I returned to America, and during my work as pastor of the Calvary Baptist Church I tried to keep in touch with the Mexican situation.

In the month of February, 1913, I started for Mexico City with this declaration of Oroasco, hoping that an interview with President Madero would bring about some practical results.

I arrived in El Paso on the 22d day of February, 1913, and on that day I lectured on Washington's birthday; and as I left the platform a telegram was handed me stating that President Madero was dead.

I continued my travels and went as far as Chihuahua as I had friends there in the foreigners' club, and through those friends in

the club I received some very interesting and helpful information. Then I continued on down as far as Santa Rosalia and found I could not go any further because the roads were being destroyed and so on, and I returned.

On my return I kept in touch with the situation as far as I could, and in the spring, the late spring of 1913, I went through San Antonio to Eagle Pass and over to Piedras Negras and met Mr. Carranza for the first time.

Mr. Carranza was not at all receptive of what I said at first, and I left, and he asked me to return the next day. I did so, and he seemed to be more receptive and more responsive and gave me a declaration of his purposes and I have that, the original, before me on the table. I took that with me to America. I showed it to some of my friends who went over it, and then from that time on I pursued my work quietly without any remuneration at all.

I had given up my pastorate at the time, and I met Mr. Carranza—I will skip over some things. I met him on the border several times, talked with him and he seemed to be quite familiar with the purposes of my work. Gentlemen, I tried to impress upon Mr. Carranza three things: The wisdom of encouraging friendship between the Mexican Government and our Government; and the second thing I tried to impress upon him was this: The necessity by all means of protecting the persons and property of American citizens in Mexico, and the third was, I encouraged him to allow me to talk about an educational system that I hoped to develop in his country and bring about a blessing in that way.

Now he listened to me, gentlemen, very quietly and would speak very few words, but seemed to be somewhat responsive, and he impressed me as a man of sincerity, and certainly a man of intelligence.

After that interview I was in Nogales and met him there, my daughter accompanying me to Nogales. We were there some months. I met him on the other side of the line and we had conferences in reference to especially educational matters.

He said to me, "Dr. Tupper, if we can have peace in this country I will state to you that I will do all I can by preparation and my influence to develop the educational interests of this country." And we talked along that line.

And then after—well, during that visit at Nogales—I think it was at Nogales—he sent his secretary to me with this proposition, that he would be pleased to show some substantial evidence of his appreciation of my work. I answered that my object in coming to Mexico was to help Mexico, especially to bring about a better relation between the countries, and so on, and secure property and persons, and also help in educational matters, and I declined most positively, as I did on several other occasions afterwards, to receive any remuneration at all for my services.

I next met Mr. Carranza, as far as my memory goes—as far as these documents show—at Saltillo, Mexico. I was anxious to meet him there for several reasons. Through the influence of my father, and personally by my father, that large school had been built there for Mexican girls. My father went down and dedicated that school, under his board, and my sister was a teacher there for a long time.

I found that the teachers had been dismissed from the school and the large school had been turned into a livery stable.

The CHAIRMAN. One moment. Let us get the dates. When was that school established?

Dr. TUPPER. That school was established, sir, I think it was in the early eighties, if I recall. I think it was in the eighties. My father was corresponding secretary of the foreign missions board, H. H. Tupper.

The CHAIRMAN. And when was this trip that you made, when you met Carranza at Saltillo?

Dr. TUPPER. I think it was in 1914. That is my impression. Well, it was turned back through my influence—I won't say my influence, but I urged it, and it was cleaned up and turned back, and is now a school, I think for Mexican girls. I was there about two weeks, I think, with him. The night before I left he asked me to call at the palace. I went to the palace, and after we talked for a while he arose and had his secretary to put on the table—and I state these things in order to throw light on the subject—he placed on the table three plush boxes, and with a formal speech asked me to receive the contents—and my daughter—carry the contents to her in New York as evidence of his felicitation and his appreciation, and so on. I, of course, received it as a gentleman. I took the boxes to my hotel and opened them. One box contained a very handsome gold watch, beautifully engraved; the other contained a fob for the watch, and I have this in my hand—that will be your evidence of it—[exhibiting watch and fob] engraved "V. Carranza al Dr. Henry Allen Tupper," and so on, and the other side, "H. A. T.," raised in platinum—a very beautiful thing.

In the third box was a wrist watch engraved for my oldest daughter, who had accompanied me twice to Mexico and knew Carranza very well.

Up to that time that was the only thing I had received from Carranza—these gifts.

I returned to America and then I came on to Vera Cruz with my daughter. I think that was soon after, perhaps, that visit to Saltillo. I know it was. My daughter took him, I know, a little token of her appreciation of his gift, and so on.

We went to Vera Cruz. After being there a short time we went up to Mexico City. My daughter and I remained there for, I think, some seven or eight months. That was the winter of 1914. I kept house with her, and we did all we could to help matters—that is, in schools—and talked with them, and so on, and so on.

At that time, as you gentlemen know, and certainly Senator Fall knows, the city was in a terrible condition. Provisions could not get into the city and a great many people were in great distress.

I received a letter from the secretary of the Y. M. C. A. That letter, the original of which I have here on the table, asked me for the benefit of the foreigners in the city to see Gen. Obregon, who was there in the city. It was reported that he was not living, but he was living and in the city, and I knew it. And knowing I knew Carranza and Obregon they asked me to act, not exactly as an intermediary but to see him and to bring messages to the public outside.

I sent that letter signed by the Y. M. C. A. secretary to Gen. Obregon. He sent one of his suite to my hotel, Geneve, asking me to come that

afternoon at 3 o'clock. That commenced a connection. I called to see him two or three times and talked about provisions, and also a great many people were going to the penitentiary who I thought should not go to the penitentiary, and I asked their pardon through the general.

And then I left my daughter and came into the States again in order to see where I could possibly create an interest in these matters that were on my mind.

I went, I think, at that time—I think it was that time, but possibly earlier—to Phoenix, Ariz., at the invitation of Gov. Hunt, and at Phoenix, Ariz., I went with Gov. Hunt about 10 miles out and held a conference with Gov. Hunt and the Vice President of the United States, Mr. Marshall, who at that time was visiting the home of his mother-in-law near Phoenix. We spent one whole afternoon going over the situation with suggestions, and so on.

Mark you, gentlemen, during all this time I received letters from different ones. Those letters are on the table. It is hardly necessary for me to quote them—from persons all over America, educational institutions, and so on. And then after that conference I returned to Washington and to New York, and then I went again to Vera Cruz, accompanied by some American gentlemen, and at Vera Cruz we talked about the interests of Mexico; and I went with several gentlemen on a rather perilous trip to Mexico City. The train ahead of us was blown up and a great many people were killed. Of course, our train was guarded by soldiers, and so on.

We got to Mexico City and gave a message to Pablo Gonzalez, then in charge of Mexico City.

The CHAIRMAN. Where was Carranza at that time?

Dr. TUPPER. At Mexico City.

The CHAIRMAN. Where was he in 1914?

Dr. TUPPER. He was at Vera Cruz, then, a part of the time.

The CHAIRMAN. That is while you were in the city of Mexico?

Dr. TUPPER. Yes, sir. And I might say there in connection with that, while I was in Mexico City with my daughter there came in the Carranza troops, as you know, and they evacuated; and Villa troops, and they evacuated; and the Zapata troops, and they evacuated; and then afterwards Obregon controlled the city. At that time Mr. Carranza was at Vera Cruz.

On this last trip to Vera Cruz that I am speaking of I met Mr. Carranza, of course, and went up to see Pablo Gonzales, and then the day I arrived I left Mexico City because they said they were going to evacuate, and I went back to Vera Cruz.

Now, we come to a point of interest, I think, after these remarks. After I arrived at Vera Cruz I was there alone; my daughter was not with me at that time. There were there several gentlemen, among them Judge Charles A. Douglas, who was the attorney for the Mexican Government, as far as I was informed, and he said to me, "Dr. Tupper, as you have refused positively to receive remuneration from the Mexican Government for your services for this long time it is only right that you should allow our Mexican friends to pay your actual expenses during these years," and at the suggestion of Judge Douglas, after he had left the city, I called on and saw Gen. Carranza and in that conference this matter of Mr. Douglas's letter

came up and he said, "Dr. Tupper—" these are the words he used, "You have not allowed me to show you in these years any appreciation for your services except the little gifts that I presented to you in Saltillo, you and your daughter, and now if you will make out an itemized statement of your expenses running through these years I want to cover at least your expenses."

At that suggestion—the suggestion first of Douglas and then after talking with Carranza—I made out a careful, itemized statement, week by week, month by month, of my expenses from the spring, it was, of 1913, to the summer of 1915. It averaged, I think, less than about \$3 a day. And Mr. Carranza covered those expenses, and the check that has been brought in evidence in this investigation, gentlemen, evidently—I would like to see it and I can tell you whether it is my name on it or not—evidently it had reference to that payment, because he did pay me in a check, I recall. I think it was cashed in New York somewhere. And it was not exactly \$3,400, because there was a fraction, I remember. And that covered, as I stated a moment ago, my actual—my exact and only—covered exactly and only the expense of these years, and I received it.

Since that time I continued my work without any promise or any expectation of any remuneration, and I have not received any because I did not expect any.

Now, that may illuminate a subject which does seem to need illumination in the minds of some, and I have the documentary proof here. I have Douglas's letter, the original—or a copy of it, and so on, and so on, the whole thing laid out here. It is not a question of my memory and my record, but it is a record here originally in these letters written and so on, and so on.

Now, right here, gentlemen, may I say something I think it is only right to say? I understand that in this investigation my name has been associated with Dr. David Starr Jordan. I desire to say most positively I do not know Dr. Jordan. I have never seen Dr. Jordan but once—I have never seen Dr. Jordan but once, and that was, I think, at a luncheon in New York City. I have never spoken a word to Dr. Jordan in my life. I have never been directly or indirectly connected with any of the activities in which Dr. Jordan has been associated, and I want that distinctly understood. I think it is only right to Dr. Jordan and myself that that statement should be made.

And then, in connection with that statement, the statement was also made that I was opposed to following Villa after his raid in New Mexico. I was many, many miles away from that at the time. I not only did not oppose that, but, on the other hand, I will say here I do not possibly see how we could have done otherwise, and I wish we had caught him. That is the only thing that I regret about that matter.

Now, another matter. I have been in these years, covering quite a number of years, 14 times into Mexico, 12 times to see Mr. Carranza or his associates. I have mingled with business men, miners, cattle men, oil men, men of large affairs, and most of them Americans, and I want to say here before you, gentlemen, that in all of my experience of thirty-odd years in public life I have never met abler and more bright business men than the American business men in Mexico, and I also want to state this very positively, that at no time by word

or by deed have they ever shown me that they were interested in anything—they have never shown me by word or deed that they were not interested in the welfare of Mexicans and of Mexico. They are the smartest and some of the most intelligent business men I ever met. I can give you some of the names—splendid men. They were there, of course, to add to their wealth, but during the activities—and I saw them and I talked with them in the clubs and other places—all the time they were working for, directly or indirectly, the welfare of Mexico. And I have known some to make great sacrifices and go through great difficulties in order to do that.

I think it is only right, gentlemen, for me to make that statement, and I make it simply because people think because I was working with Carranza and was in conference with him at one time I am against those men. Not at all.

My second visit down there I received a beautiful letter from Cardinal Gibbons, of Baltimore, of the Catholic Church. He knew I was a Baptist minister and yet he sent me this beautiful letter. A copy is right here—a beautiful letter expressing his gratification that I was going to Mexico, and so on. A very beautiful letter that I received from Cardinal Gibbons, the head of the Catholic Church, to show you I was not limited to any class or any creed in my work.

At El Paso, Tex., I met a gentleman whom your chairman knows very well, a splendid man, Gen. Luis Terrazas, the very antipodes of Carranza. He sent for me. His son was in jeopardy in Chihuahua. Villa had threatened to execute him. He sent for me and asked me to help him.

What did I do? I immediately wired Mr. Bryan, then Secretary of State, and also saw Mr. Carranza for him, and insisted he should not be executed, and had the execution that was to take place postponed, until after awhile, as you know, young Terrazas, or Terrazas, jr., escaped from Chihuahua, and, as far as I know, is living now.

I make these statements to show I tried not to be—I might have been—but I tried not to be narrow or contracted in my sympathy or my work in Mexico. It was not for the Carrancistas or anything of the kind. I was helping Mexico, and some of my best friends in America to-day are persons who opposed me along that line, but we were always friendly, and I got a great deal of information from them.

And now I want to say a final word in answer to this question that has been asked again and again, and I want to answer it to this committee—over and over again, because I knew a little bit about Mexico—not so much as people thought, because the more and more I studied Mexico, gentlemen, the more mysterious Mexico became. After I first paid my visit there I lectured on Mexico. The second time I paid a visit there I stopped lecturing on Mexico because I saw many angles to the situation.

My work has not brought the fruit I hoped it would. I established this educational system and thought in after years I would have something to do with the furthering of that educational system—perhaps not be the head of it, but have a voice in developing it like the public schools in America, and I started with a little kindergarten and worked up through the schools to the University of Mexico, and laid the program before people down there. The ques-

tion has been asked me what do I think of intervention? I want to say, gentlemen, it has been and is my position that intervention should be the last of last resorts. If the last resort comes we can do nothing else. But I have hoped and I still hope that there is a better solution to this troublesome problem.

I thank you, Mr. Chairman, for your kindness and your patience in listening to me in this statement, and may I close by the request that the documentary evidence that I place upon the table may be incorporated in the body of the minutes of this investigation for, perhaps, for future reference, and you will find here the original and also the copies of all of these things I referred to, and among others, for instance, I have not referred to the beautiful letter from the President of the United States and a number of letters from Mr. Bryan, who was Secretary of State, and three or four remarkably beautiful letters from your colleague in the Senate, Senator Morris Sheppard, and from others, commending me for my work, and one letter I especially appreciate, a letter from the executive vice president of the International Peace Forum in which he says, "Dr. Tupper, you received nothing from the International Peace Forum for your work; we have given you no salary at all, and no one can think of your work except on the basis of philanthropy." That letter is here.

All these letters are here. It is not a question of memory. They are all before you. It would take hours and hours to go through them. I commence here, one, two, three. The first is my appointment and then the roster right straight through.

I might call attention to some of the items. There is the first letter from Carranza.

Senator BRANDEGEE. Doctor, one moment. You have there in front of you in that filing case quite a number of letters. Do you ask that all of those go in?

Dr. TUPPER. Senator, I hardly think it necessary for all of them to go in. I am going to put them in pamphlet form, because I want my record in this matter to be given to the world. But that would be an imposition, it seems to me, to put them all in.

Senator BRANDEGEE. The file there looks to me as though there might be 100 or more.

Dr. TUPPER. No, sir; only about 35 or 40.

Senator BRANDEGEE. Altogether?

Dr. TUPPER. Yes; altogether.

Senator BRANDEGEE. Now will you indicate which of them you would like to have go in.

Dr. TUPPER. Very glad to do so. There is that letter from Cardinal Gibbons. There is the original, you see.

Senator BRANDEGEE. That is one.

Dr. TUPPER. Yes, sir.

Senator BRANDEGEE. Now what is the second one?

Dr. TUPPER. I would like, for instance, to have the first one, my appointment as commissioner. Of course, that document from Mr. Oroasco, that covers 3,000 words. And nothing of that sort, of course, would be expected.

The CHAIRMAN. Oroasco at that time was in supposed revolution against Madero?



Dr. TUPPER. Yes, sir.

The CHAIRMAN. And in control of the State of Chihuahua when you met him?

Dr. TUPPER. Yes, sir; I met him at Juarez. Now there is the original of that letter. There is the signature, you see that. And that is just simply as a record.

There is the first letter of Carranza. It is not necessary to put in that because I have not had a chance to have that translated. There is the first letter.

The CHAIRMAN. From Carranza, you say?

Dr. TUPPER. Yes, sir.

The CHAIRMAN. You can put that in if you desire. We have a translator here.

(Letter to which reference is made, dated May 15, will be found translated in "Tupper Appendix A.")

Dr. TUPPER. There is a letter from Cardinal Gibbons. I would like to have that go in. And there is a telegram from Mr. Bryan:

I beg to acknowledge receipt of your letter of April 24 from New York—

This is dated May 14, 1913—

from New York, and to express my interest in the efforts you are making in behalf of peace in Mexico.

I am, sir, your obedient servant,

W. J. BRYAN.

There is the original.

There is the statement of the El Paso Chamber of Commerce, the signatures of the gentlemen doubtless known by Senator Fall, all his friends, in which they give me a most interesting and gratifying set of resolutions, and so on.

There is a letter from Goncez Gaza, in which he sends a very long statement that was made by some 30 of these Carrancistas expressing their interest in my work, and so on, and so on. That is hardly necessary to put in. It is a very large affair, but can be put in if desired.

Here is a very fine letter from Senator Sheppard, in which he says:

WASHINGTON, D. C., October 28, 1913.

Dr. HENRY ALLEN TUPPER,

*Montezuma Hotel, Nogales, Ariz.:*

Please convey to Gen. Carranza my most earnest wish for the success of the sacred cause he represents. His name will rank among the immortal defenders of human liberty in fighting for the rights of the Mexican masses. He and his associates and followers have won the sympathy and admiration of all the world.

MORRIS SHEPPARD,

*United States Senator from Texas.*

I congratulate myself that I am indorsed by one of the distinguished Members of such a body as the United States Senate.

The CHAIRMAN. You can put that in.

Dr. TUPPER. Yes, sir; I would be very glad to have that in.

There is a letter from the president of the International Peace Forum:

Allow me to present—

This is sent to Hon. Joseph R. Lamar, justice of the Supreme Court, Niagara Springs, and signed by the president, introducing me.

The CHAIRMAN. If you desire to put that in the record, it may be done, and the stenographer need not take it down.

Dr. TUPPER. Yes, sir.

(The letter above referred to will be found in "Tupper, Appendix A," at the end of to-day's proceedings.)

Dr. TUPPER. There are these letters and three other letters from the International Peace Forum. They are most too flattering for me to read. One of them says:

Personally, and in the name of the International Peace Forum, I desire to congratulate you on the intelligence, patience, and diplomacy shown in your work as our special peace commissioner in connection with the Mexican situation. Results that have already been accomplished through your negotiations can not be estimated in their beneficent influences; but these only prepare the way for larger accomplishments.

(The letters referred to will be found printed in full in "Tupper, Appendix A.")

Dr. TUPPER. That is from the president of the International Peace Forum.

Senator BRANDEGEE. What is the name of the president?

Dr. TUPPER. The president was Mr. Hill at that time, sir.

Senator BRANDEGEE. Which Hill?

Dr. TUPPER. John Wesley Hill, I think he was.

Senator BRANDEGEE. And who was the vice president?

Dr. TUPPER. I will give you his name. The vice president was Mr. Hunsberger and the secretary was Mr. Carter. I want to read that letter, if you will allow me. And there is a letter from—you know the man—Zeferino Dominguez. That is not necessary to put in.

Here is a letter from the secretary of the International Peace Forum, dated February 6, 1914:

As you are leaving us again to-morrow, on your fifth trip to Mexico, as our special peace commissioner, I want to say a few words of appreciation of your work before you go, as I may not see you in the morning.

I know I am speaking for all the officers—

You gentlemen know who the officers were. You unquestionably know the honorary president.

I am speaking for all the officers when I say that one and all appreciate the ability, the tact, and careful diplomacy with which you have conducted your work as our special peace commissioner in the interest of bringing about a speedy settlement of the difficulties in Mexico. Your care in getting definite details from both sides, your willingness to face difficulty and even personal danger in consulting with both sides, the esteem with which both parties in the conflict have held you, as shown by their desire to have you with them in their campaigns, have indicated to us the openmindedness with which you have set about your task.

I am writing personally, as secretary, of course, but as I have talked with the other officers, I know that I can say as much as I have for them all. Let me add just this one word further for myself, and that is that it rejoices me to know from the letters you have had from Senators and Congressmen in Washington, as well as from the leaders of the forces in Mexico, that your work for international peace has been recognized so fully and so freely, and I feel that you have conferred distinguished honor upon our international peace forum, by representing us in the field.

The CHAIRMAN. You had better file that.

(The full text of the above letter will be found in "Tupper, Appendix A," at the end of this day's proceedings.)

Dr. TUPPER. When I came from Mexico the last time I received a letter—I tried to find it—from one of our representative business men of the city—you all know him. He said, "Dr. Tupper, you leave Mexico with scores and scores of friends and not a single enemy."

I tried to magnify good and lessen evil. I made mistakes, of course. None of us are infallible. But I tried my best to help all parties. I was not for any special one.

Here is this letter from Luis Terrazas, your friend. It is dated, Senator, April 3, 1914. I will read it if I may.

MY DEAR DOCTOR AND KIND FRIEND: Before you leave this city I take special pleasure in expressing my everlasting sense of gratitude to you for all the kind offices you have rendered on behalf of my son's life and liberty.

You have certainly been commissioned by a higher power than that of this world, fitting you as the essence of a true humanitarian. Your services, more than anything else, are living proof of the value of the International Peace Forum, which you so ably represent and which is at this time headed by no less eminent a statesman and personality than Hon. William H. Taft, ex-President of the United States.

Please bear in mind, my dear friend, that I will ever harbor the deepest sense of gratitude to you, joined by all my family and friends, and I wish you to do me the kindness to convey my deep and sincere feeling of gratitude to the noble institution that you so ably represent, and especially to present to Hon. Woodrow Wilson, Hon. William H. Taft, and Hon. William J. Bryan my deepest sense of gratitude for the kindness they have extended to me and my family on behalf of my son's life and the restoration of his liberty.

Wishing you the highest measure of success in all that you undertake, believe,

Very sincerely, yours,

LUIS TERRAZAS.

It was very much like the old man.

I tell you, gentlemen, when you find a Mexican or Spanish gentleman you find one who is a gentleman, who has the highest culture. I was very much pleased with that.

Here is a long letter written to myself—by Mr. Carranza to me, and a note sending it to Mr. Secretary Bryan, in which I state—this is August 19, 1914:

HON. WILLIAM JENNINGS BRYAN,  
*Secretary of State, Washington, D. C.*

MY DEAR MR. SECRETARY: In response to your request of last Sunday, I am writing you in reference to my pleasant relationship with Gen. Carranza. On my return to New York from Washington I found in my mail, a letter from Gen. Carranza, which I herewith inclose, and a translation of which is as follows:

I have that. This is a rather remarkable letter.

MY ESTEEMED AND FINE FRIEND: I refer to your favor of July 22, which I read with attention, and I beg to advise you that it would cause me positive pleasure to be able to shake your hand in the capital of the Republic—

And so on and so on—oh, just stuff, and thanks and appreciation, and so on; and there is a lot of that.

Senator, shall I file it?

The CHAIRMAN. Yes; you may file them.

All these letters may possibly not be printed in the report of the hearing, but they will be in the final report.

(The full text of the above referred to letter will be found in "Tupper, Appendix A," at the end of this day's proceedings.)

Dr. TUPPER. "Rev. Henry Allen Tupper"—this is from the executive vice president of the International Peace Forum, Mr. Hunsberger.

I very much regret my inability, before leaving for the West on my lecture tour, to have a conference with you concerning the Mexican situation, in which I am, like yourself, so intensely interested.

As the executive vice president of the International Peace Forum, I desire in my own behalf and in behalf of my colleagues, to express sincere appreciation for splendid services you have rendered, as our representative, to Mexico and the world, in the last two years—

This was June 13, 1914—

in your efforts to bring about peace in our neighboring Republic.

I recognize the fact that you have received no compensation—

Now, mark you, the fact is the executive secretary had charge of the whole thing. I am glad this thing is in black and white, because there are some people in the world—not in this room—but there are some people in the world who never get their eyes above dirt. It is money, money, money all the time. And they ask “Dr. Tupper, why did you do this thing?” I tell them because I hoped to establish an educational system down there with which I might in the future have some connection.

I recognize the fact that you have received no compensation for your great work, except the consciousness of duty done, as now your hopes, as well as ours, are being realized, as to the final success of the constitutionalists. As our institution is a benevolent institution, and I have received little or nothing for my services, I can fully sympathize with you, from financial as well as other points of view.

As I will not be able to see you before you start for Torreon to accompany President Carranza, as I trust in his successful endeavor to reach Mexico City, I wish to assure you again, as I have frequently done in the past, that I am deeply interested in the continued success of your mission for peace, and especially interested, having been an educator in the public schools and colleges for so many years, in the proposal of yourself as well as President Carranza, after the constitutionalist government has been set up, to establish and organize an educational system, the benefits of which are to be shared by all of the Mexican people.

That touches the milk in the coconut. That is the heart of the whole thing.

I would like to have you, please, to have that among the letters.

THE CHAIRMAN. Yes.

(The full text of the above letter will be found in “Tupper, Appendix A,” at the end of this day’s proceedings.)

DR. TUPPER. Here is a letter from Senator Sheppard, May 16, 1914:

MY DEAR SIR: I am in receipt of your letter of May 15, which I have read with great interest and appreciation. I have long been well aware of the peculiar qualifications of Dr. Henry Allen Tupper as a peace envoy—

It is just a complimentary letter to the president of the International Peace Forum about me.

And here is a beautiful telegram from the President of the United States, President Wilson—no, it is a letter:

THE WHITE HOUSE,  
Washington, July 24, 1916.

MY DEAR MR. TUPPER: I warmly appreciate your kind letter of July 22 about the Mexican policy. It cheers and reassures me.

Cordially and sincerely, yours,

WOODROW WILSON.

And I may say it is rather—it is not following the usual custom. He signs his own name there. Not signed by Tumulty or any one else. May I put that in?

The CHAIRMAN. Certainly.

Dr. TUPPER. Here is a letter I would like to have you have translated. Here is a letter from the Y. M. C. A. asking me to act as a medium, helping the people, irrespective of creed and condition, and a letter from Gen. Obregon, the original. I will put that in, if the Senator will kindly have the translation made. I would be much obliged if you would.

(A translation of the above letters will be found printed in full in "Tupper, Appendix A," at the end of this day's proceedings.)

Dr. TUPPER: There is another, from Senator Sheppard.

MY DEAR DR. TUPPER: I have your letter of May 5. In the same mail I received the inclosed letter from Secretary Bryan, which explains itself.

I note that you will probably visit Torreon the latter part of this month.

With every good wish, I am,

Yours, very truly,

MORRIS SHEPPARD.

Then he inclosed a letter from Mr. Bryan, just a well-wishing letter:

I have the honor to acknowledge, with thanks, the receipt of your letter of April 11, 1914, with which you inclose a copy of a letter, dated Ciudad Juarez, April 3, addressed to Dr. Henry Allen Tupper by Gen. Venustiano Carranza, relative to the Mexican situation.

I have the honor to be, sir,

Your obedient servant,

W. J. BRYAN.

There is a letter that I referred to from Judge Charles A. Douglas. I would like to read that, gentlemen.

The CHAIRMAN. Very well, proceed.

Dr. TUPPER. I went to see Judge Douglas to show him this letter before I came over. He is now in Mexico, I understand, and I could not see him.

VERA CRUZ, *July 22, 1915.*

Dr. HENRY ALLEN TUPPER, *City.*

MY DEAR DOCTOR: Confirming my several conversations on the subject of your own movements, let me say that in view of the fact that both Gov. Metcalfe and I are going to Washington, I think it would be well for you to remain here for the present. You know conditions both here and in Washington, and I have no doubt that you will be of greater service at this time here than at Washington. I suggest that you have an early conference with Gen. Carranza so as to be in best situation possible to help.

Since I have known you, now more than eight months, you have worked ably, efficiently, constantly for the cause of the revolution.

And I understand that you have so labored for now nearly two years in various parts of the United States.

You certainly deserve the highest commendation and appreciations.

If you are not expecting compensation, certainly you ought to permit our friends to pay your expenses.

I am, with assurances of my sincere esteem,

Your friend,

CHAS. A. DOUGLAS.

There is that letter.

The CHAIRMAN. You can file that, sir.

Dr. TUPPER. Now, I told you about my interests in Madero Institute, and how I got it back under Mexican education. I received this, Saltillo, September 29, 1914.

The CHAIRMAN. You say it was turned back? That had been turned into a livery stable, had it not?

Dr. TUPPER. It was through Carranza's influence it was done.

The CHAIRMAN. Who turned it into a livery stable?

Dr. TUPPER. It was done by the revolutionary crowd. I do not know just who it was.

The CHAIRMAN. They were fighting with Carranza, were they not?

Dr. TUPPER. No; not at that time. But you hardly knew with whom people were fighting at that time. But, anyhow, this school was taken in the exigencies of the war, these girls were dismissed, and it was turned into a stable, and horses were stalled in the very room where my sister taught these girls, and I felt rather a personal interest in it, as my father had dedicated it.

The CHAIRMAN. Was that at the time Mr. Silliman was arrested?

Dr. TUPPER. I think that was after, sir.

Now, here is a letter from Judge Douglas, rather later:

SOUTHERN BUILDING, SUITE 822-830.  
Washington, D. C., October 30, 1915.

MY DEAR DOCTOR: It seems to me—

Now, this is just when Carranza was recognized. It must have been.

It seems to me that it is in order to exchange with you felicitations over the signal victory won in the recognition of Gen. Carranza by the United States and other leading American countries. Of course, this was a fight not only to obtain the recognition of the United States, but of all the other Governments of the world. I know from reliable sources that within a few days—certainly within a few weeks—we will have for the Constitutionalist Government the recognition of the leading countries of Europe. It is impossible to exaggerate the importance and far-reaching character of the victory won.

While we are rejoicing over the results of our joint labors, I deem it timely and proper to express to you my appraisal and appreciation of the important part you played in this great fight.

He goes on in that way. I shall file that, perhaps.

The CHAIRMAN. Yes, sir.

(The full text of the above letter will be found printed in full in "Tupper, Appendix A," at the end of this day's proceedings.)

Dr. TUPPER. Here is another letter.

Yesterday afternoon at a special meeting of the International Peace Forum, of which Hon. William Howard Taft is honorary president, after a careful consideration of the crisis in Mexico, the following telegram was sent to President Wilson:

Hon. WOODROW WILSON,

*President of the United States, Washington, D. C.:*

The International Peace Forum of New York City, fully realizing the importance of maintaining the dignity and authority of the Government of the United States, pledges you its support in the delicate situation now confronting this country, and urges magnanimity rather than violence, believing with you that a high statesmanship is evidenced by the strong bearing the infirmities of the weak. During the last two years the peace commissioner of the International Peace Forum, Dr. Henry Allen Tupper, has made repeated visits to Mexico, studying its problems at close range from every point of view, and the lengthy and significant statement of Gen. Venustiano Carranza of this month through him betokens the practical service and contribution rendered by the International Peace Forum in this supremely important matter. As the forum is international in its spirit and purposes, it would commend heartily the invitation to the interested powers of the world to sympathetically cooperate with us and loyal Mexicans in the establishment of peace and stable government in that distracted Republic, should such a fraternal policy be adopted by you.

JOHN WESLEY HILL,

*President International Peace Forum, New York City.*

The CHAIRMAN. What is the date of that?

Dr. TUPPER. That is dated—it was in 1915. You notice that there seems to be no date. As far as I can say, it was 1915. I am sure from the tenor of it. That is the original letter. I think it must have been about April, 1915, for this letter came very near it, I think.

MY DEAR DR. TUPPER:—

This is April 27—

MY DEAR DR. TUPPER: I was profoundly interested in the plan which you discussed with me last evening concerning the establishment of peace and order in Mexico. I know of no man more conversant with the situation in that country than you, and this is for the reason that you have represented the International Peace Forum among the various factions of Mexico in earnest and sincere effort to bring about conciliation and secure the establishment of orderly and constitutional government.

I likewise appreciate the sacrifices—

This was no sacrifice especially—

which you have made in the prosecution of your mission, at times even to the jeopardy of your life, and I beg to congratulate you upon the faithful service which you have rendered and upon your safe return home.

I believe that you have the right grasp upon the situation and that something must be done along the lines of your suggestions at once, or conditions may develop which will be beyond the power of this Nation to remedy.

I hope, therefore, that you will be able to enlist the interest and cooperation of men who have the real interest of Mexico at heart and whose judgment can be depended upon at such a time as this.

As the special representative of the forum in this work I wish you the success the important cause deserves and to which your careful thought, unabated efforts, and deep sympathy merit.

With warm regards,

Sincerely, yours,

JOHN WESLEY HILL, *President.*

Here are some telegrams in the original from Carranza, January 8 and March 14.

The CHAIRMAN. What year?

Dr. TUPPER. 1917. One is 1917. The other is merely marked "14"; does not give the year. Just merely "I express my gratification," and so on, and "thanks to you." Something like the others. I will file those.

(The full text of the telegrams referred to translated will be found in "Tupper, Appendix A," at the end of this day's proceedings.)

Dr. TUPPER. Now, "The truth about Mexico."

By far the clearest and most illuminating statement of conditions in unhappy Mexico is embodied in the article on "The Constitutionalist Movement in Mexico," by Heriberto Barron, a prominent citizen of Mexico, in this issue of "The Peace Forum."

\* \* \* \* \*

Mr. Barron gives credit to Dr. Henry Allen Tupper, the special peace commissioner of the International Peace Forum, for great efficiency in creating friendly feelings between the United States and Mexico.

I think perhaps that had better go in.

Here is a statement I would like to put in as a question on "Value received" that was called to my attention last Saturday morning, I think, in New York—I think in the Times. The committee would like to know and would Dr. Tupper please explain what "value received" meant.

Well, I have this little paragraph:

1. "Value received"—This is a commercial expression, very indefinite in its meaning. In this instance it can only refer to the fact, established by these

records, that my actual, itemized, personal expenses for several years' service were met by Mr. Carranza. There was "value received" after this payment, for which no remuneration was received, and for which no remuneration was expected.

2. I am convinced, by my many visits to Mexico, when I mingled with all classes, that our American business men in Mexico are among the ablest, most upright men of affairs I have ever met.

I make no exception. They are magnificent men, splendid men, men of large affairs. and of big heart, too.

Their purpose, while making money, was to help Mexico and the Mexicans, and they have done so, despite many difficulties. As far as my observation goes, I have never seen any evidence of an individual or concerted effort to induce our Government to interfere, politically or governmentally, with the affairs of Mexico.

3. I have taken the position, and now hold the position, that what is known as intervention by our Government should be the last of last resorts; and I hoped, and I still hope that the absolute necessity for this will not occur.

Here is a long letter from Carranza, making a statement—now, notice this, gentlemen—

The CHAIRMAN. What is the date of that?

Dr. TUPPER. This is Juarez, Chihuahua, April 3, 1914.

Dr. HENRY ALLEN TUPPER,  
*El Paso, Tex.*

MY DEAR SIR: I have read with much interest the letter of Senator Shepard, which you were so kind as to forward to me on the ult. In regard to the matters contained therein I beg to state the following:

I possess a deep admiration for the American people, and hold in great personal esteem President Woodrow Wilson and William Jennings Bryan, the Secretary of State of the United States of America. I know that they are men of the very highest mentality, as well as moral and political aims, and for that reason I think that their friendship towards Mexico and the sympathy evidenced for the principles of the Mexican Constitutionals are not only sincere but entirely disinterested, and are the result of the existing harmony between the aims of the cause which I have the honor to represent and the ideals of American democracy.

I possess such a high opinion and esteem—

Shall I continue with this?

The CHAIRMAN. You can file it.

Dr. TUPPER. I think it is not necessary to continue.

(The full text of the above letter will be found in "Tupper, Appendix A," at the end of this day's proceedings.)

Dr. TUPPER. Here is a statement from Carranza to Dr. Henry Allen Tupper, November 15, 1913, suggesting the purposes of the—I would like to have that go in—the purposes of the revolution as far as he can see.

The CHAIRMAN. Yes; it will go in the record.

(The statement above referred to will be found printed in full in "Tupper, Appendix A," at the end of this day's proceedings.)

Dr. TUPPER. There are several things I do not agree with Mr. Carranza on. On several occasions I could not agree with him.

Now, here, the following interview with Dr. Tupper appeared in The Watchman, a religious journal of New York, in 1915:

Question. Dr. Tupper, how did you first become interested in Mexico?

Dr. TUPPER. While pastor of the Calvary Church, Borough of Brooklyn, in the summer of 1912, I was asked by the International Peace Forum to go to Mexico and do what I could in the interest of pacification. I spent the weeks of my vacation conferring with the leaders of the factions who were fighting against Francisco Madero, who was then President of Mexico.

Question. What was the result of these interviews?



Dr. TUPPER. At Juarez, Mexico, after several conferences with Gen. Pascual Orozco, who was the commander in chief against President Madero, I received from Orozco a 3,000-word statement of his contentions, with the request that I would present to President Taft and to the President of the Republic of Mexico. At Beverly, his summer home, and elsewhere, I presented the matter to President Taft, who is the honorary president of the International Peace Forum; and although he was deeply interested, he declined, during the closing months of his administration, actively to interfere in the affairs of Mexico; but he expressed strong opposition to intervention by arms. In January, 1913, Pedro Lascurain, the secretary of foreign affairs in Madero's cabinet, visited the United States, and I had the honor of delivering to him a brief welcome address as he landed on the pier at New York. Before he returned to Mexico he was elected one of the vice presidents of the International Peace Forum.

On the invitation of Señor Lascurain, the premier in Madero's cabinet, I was invited to go to Mexico City and present in person the Orozco paper to the President, following this with a discussion of practical methods for the pacification of his country. The invitation was accepted; but at El Paso, Tex., opposite Juarez, Mexico, as I left the platform, on February 22, after my address on "Washington," a telegram was handed me telling of the murder of President Madero. This was a shock to me, and, although this assassination changed my plans, I continued my journey to Chihuahua, Mexico. On invitation from a newly appointed cabinet member in the Huerta government I journeyed, in the midst of dangers and difficulties, toward the capital city, hoping still to pour oil on the troubled waters. After traveling several hundred miles and witnessing the battle of Santa Rosalia, I was obliged, because of burned bridges and torn-up railway tracks, to return north. After giving a report of my experiences to ex-President Taft at Augusta, Ga., where he was laboring on the golf field, I returned to Washington, where the new administration was just entering upon a vigorous effort to eliminate Señor Huerta. At this time, in the city of Saltillo, Mexico, Gov. Venustiano Carranza was defying the rule of Huerta, and, accompanied by a few adherents, he left the capital city of the State, where he was the constitutionally elected governor, and raised the flag of the revolution.

Question. When did you first meet Señor Carranza and what were your impressions?

Dr. TUPPER. In the early spring of 1913, accompanied by a personal friend of Gov. Carranza, I went from San Antonio, Tex., to Piedras Negras, Mexico, and there for the first time I met him. As he entered the reception room in the customhouse I was greatly impressed by his personal appearance. He is much taller than the Mexicans one usually meets. His broad shoulders, wide forehead, large features, and quiet demeanor give evidence of massive strength, and he reminds one of a fine specimen of a Civil War veteran. While graciously polite, he was coldly dignified at this first interview. During our conversation he calmly asked, "Have you come here to ask me to open negotiations with that murderer, assassin, and usurper, Huerta, who slew my friend, President Madero?" When my mission was explained he seemed more receptive and responsive, and I was invited to another conference the following morning. The next day he was much more tractable, received me cordially, presented to me a large photograph of himself appropriately inscribed, and, more important than all, handed me a concise statement of the purposes that actuated him and his followers in the rebellion against Huerta.

Two years and a half have passed since that meeting. During this time I have visited Señor Carranza many times, and my admiration for him has gradually and uninterruptedly increased. In the family circle, in the social gathering, in his council meetings, on the battle field, on the railways, in his automobile trips, and in the historic convention at Mexico City I have studied this remarkable man, and I have found him consistent and trustworthy. As have all other men, he has his limitations and weaknesses, but the people and press of the United States have as a whole failed utterly to appreciate the ability, the integrity, and the sincerity of Venustiano Carranza.

Question. Have you confidence in Gen. Carranza's ability now to control the situation?

Dr. TUPPER. Repeatedly have I said during these months of study and investigation that unaided no Mexican can control Mexico. The times and régime of Diaz have passed, and never again will a dictator be tolerated in this republic. The one who leads in the reconstruction and rehabilitation of Mexico must have

the active support of the outside world, especially of the United States. Without this it matters not how high his motives may be, he will inevitably fail.

Question. What do you think will be the effect of the recognition that has been given to Señor Carranza?

Dr. TUPPER. Immediately after recognition had been extended to First Chief Carranza and his Government I received from him an appreciative cablegram. In response I urged him to regard this fortunate action merely as a means, not an end. That he thus regards it, I have every reason to be convinced.

His opportunities are only surpassed by his responsibilities, and his friends have faith that he fully appreciates the former and will rise to the latter. I have in my possession a paper signed by V. Carranza, in which he solemnly promises that he will extend generous amnesties, will guarantee the security of the life and property of foreigners in the district controlled by the Constitutionals; will insist upon religious liberty under the law of the separation of church and State as it exists in the United States; will encourage the legitimate development of the material resources of Mexico by foreign capital and the settlement of worthy foreigners in his Republic; and will strive to maintain the most cordial and friendly relationship between Mexico and all foreign nations. I have no doubt but that he is absolutely sincere in these declarations; and if he is properly supported and encouraged by his own people and by foreigners and if his life is spared, a New Era will soon dawn upon that war-devastated land.

Question. How will all this affect the educational and religious status of Mexico?

Dr. TUPPER. Señor Carranza is an educated, cultured man. He is an enthusiastic student of history and political economy, and the masterly and successful manner in which he has measured swords with certain statesmen, not a thousand miles from here, prove that he is not lacking intelligent statecraft. He has assured me repeatedly that he will do everything in his power for the education of the ignorant masses of his people. As a practical proof of his intentions in this line, he has already sent to this country, at the expense of his Government, a large number of bright Mexican men and women, who are being equipped as teachers. As I am especially interested in the progress of Christian education in Mexico, this matter has been discussed frequently with him. The impressions made upon me by these conversations have been satisfactory; and I look for a great progressive movement in our mission work in the Republic should Señor Carranza be given the right of way in his beneficent plans and purposes. After our Madero Institute, at Saltillo, had been turned into a livery stable by the Federals under Huerta, it was restored and encouraged in its reestablishment by Carranza, and is now ready to do a greater work than ever in the education of the young women of Mexico. Last year I had the pleasure of personally presenting one of our faithful missionaries to Señor Carranza at Saltillo, and as we came out of the reception room the missionary said: "This talk with the First Chief means more to me and my work than I can express. I am delighted with the man, and I am more hopeful than ever." It will be worse than folly for us to expect Mexico, after her long history of distress and disorder, to be reconstructed in a day. As our next-door neighbor, let us cease our caustic criticism of Mexico and extend to her the hand of helpfulness and the heart of a sincere sympathy in this hour when she is passing, let us hope, from darkness into light.

Here is an article of mine on The Problem of Mexico, and I will state this: There have been a good many changes in my mind since I knew all about it then. I do not know as much now. I wish I did more. There are some things suggested there that were not as clear in my mind then as now, but my best opinion is there.

(The full text of the article above referred to will be found printed in full in "Tupper, Appendix A," at the end of this day's proceeding.)

Dr. TUPPER. Here are two telegrams from Carranza. I would like the Senator to see those.

The CHAIRMAN. You may put them in.

(The full text of the telegrams above referred to, translated, will be found printed in full in "Tupper, Appendix A," at the end of this day's proceedings.)

Dr. TUPPER. Here is another letter from Carranza, "My esteemed friend"—I will put this in.

(The letter above referred to, dated December 21, 1913, translated, will be found printed in full in "Tupper, Appendix A." at the end of this day's proceedings.)

Dr. TUPPER. Here is "Signs and Progress and Improvement in Mexico," as given lately, or filed lately, showing that the New York Sun last Monday, September 15, 1919, published a report to the effect that steamship traffic between a number of ports on the Pacific coast of Mexico, which has been interrupted since July, 1914, is to be resumed this month.

Another article from the New York Sun, dated September 15, says a group of prominent Mexican farmers are planning an excursion to Texas next month to visit the agricultural exhibition at Dallas, October 3 to 17; that they will be welcomed by an official commission of the State of Texas; they will visit Fort Worth, where a live-stock exhibition is to be held; also visit Galveston and Houston. "Every phase in connection with this event," says the Sun, "will be recorded by official films in order to show in Mexico the cordial manner with which the delegation has been received in Texas."

Then the Bulletin of the Pan American Union, August, 1919, contains a report that in the last few months nine new oil pipe lines have been constructed, raising the extent of those already in operation to 1,171 kilometers, adding an approximate value to these lines of 50,000,000 pesos, according to official figures, says the article. "Up to the present time," adds the statement, "the Huesteca Co. has the most extensive pipe line, 361 kilometers; next El Aguila, 343 kilometers; the Mexican Gulf, 100; and the Oil Field, Mexico, 89."

Showing in some direction there is some progress.

Another item in the August number of the Pan American Bulletin says the "South American Pacific Line of Canada has decided to establish a direct line of steamers between Canada and Mexico." And the next bulletin says that the "Mexican department of agriculture will initiate the use of moving pictures to teach the art of farming to the country people as the most efficient, economical, and rapid method of instruction. The plan adopted will show the farmers using modern farming implements, the use of fertilizers and how to apply them, the system of 'dry farming' like that used in the United States, and the construction of dikes for irrigation."

The New York Sun of September 15 also prints an article from Bluefields, Nicaragua, under the heading: "NICARAGUA SEES FRIEND IN CARRANZA," in which it says there is "considerable wonderment in these quarters at the continued hostility toward President Carranza on the part of certain newspapers in the United States"; and the article adds:

In Nicaragua he is considered as a most efficient statesman and one of the leading newspapers of this city has come out with an almost extravagant eulogy of the Mexican President \* \* \*.

As a proof of the trust and confidence which this country (Nicaragua) reposes in the statesmanship of the Mexican President it may be mentioned that in accord with Costa Rica, Nicaragua has selected him as arbiter for certain diplomatic disputes which have arisen between the two countries.

The CHAIRMAN. What date is that?

Dr. TUPPER. September 15, and there are the extracts.

The CHAIRMAN. September 15 of what year?

Dr. Tupper. This year; the last week; the last few days. And there are the clippings there.

I might state that I am indebted to a gentleman here in the city for sending these to me through the mail. I just received them.

The CHAIRMAN. Who sent them?

Dr. TUPPER. A Mr. Sweinhart.

The CHAIRMAN. What is his address?

Dr. TUPPER. I can easily get it for you. He is a member of my church and a very splendid man.

The CHAIRMAN. What is his business, do you now?

Dr. TUPPER. I think perhaps he is connected with some publicity organization abroad. His name is Henry Sweinhart. He was to be here this morning. He may be in the room. I asked him to be here.

I have taken up, I am afraid, too much of your time, but I wanted this thing from my point of view, and also from these documents. to be presented as fully as possible and I am very grateful to you gentlemen for your kindness. I will leave these on your table.

The CHAIRMAN. When did you sever your connection with the International Peace Forum, Doctor?

Dr. TUPPER. I think it was in—either the latter part of 1914 or 1915.

The CHAIRMAN. Where were you at that time?

Dr. TUPPER. I think I was in New York, as far as I can recall.

The CHAIRMAN. There was some little correspondence between yourself and some of the officials, was there not, by telegram, at San Antonio, Tex., or on the border?

Dr. TUPPER. I do not recall. Possibly Dr. Hill did not agree with some work of mine. I do not recall exactly the nature of that.

The CHAIRMAN. Did the Peace Forum or Dr. Hill, president of the Peace Forum, issue any statement about that time with reference to the fact that your connection with the Peace Forum had been severed?

Dr. TUPPER. I have never seen any statement of that kind, sir. My connection, I might say, with the Peace Forum was very informal. The understanding was that I should be a free lance in carrying out my plans, and because of that I received no remuneration.

The CHAIRMAN. The reason I asked the question was because you have put in the record here some letters from officers of the Peace Forum.

Dr. TUPPER. As far as I know, Senator—may I say, the relations have been very pleasant, and pleasant up to the present moment, with the officers of the International Peace Forum.

The CHAIRMAN. Of course, I have no definite knowledge upon the subject at all. My memory was simply floating back for a few years while you were reading some of those letters and I remembered some things that had occurred. The particulars I do not know.

Dr. TUPPER. No; I recall nothing of that kind. I regard them very highly.

The CHAIRMAN. Doctor, you have introduced some letters from Mr. Douglas, who you say is the attorney for the Carranza Government?

Dr. TUPPER. Supposedly their attorney.

The CHAIRMAN. That it is right that your expenses should be paid.

Dr. TUPPER. Yes, sir.

The CHAIRMAN. That it is right that your expenses should be paid, etc., by the constitutional government of Mr. Carranza?

Dr. TUPPER. Yes, sir.

The CHAIRMAN. Does he sign that letter personally or as attorney?

Dr. TUPPER. No sir; just Charles A. Douglas.

The CHAIRMAN. Mr. Douglas is now in town, is he not?

Dr. TUPPER. I understand from his son that he is in Mexico.

The CHAIRMAN. Is he still the attorney for the Carranza Government?

Dr. TUPPER. I do not know, sir.

The CHAIRMAN. Doctor, what others did you mention? You have mentioned Mr. Metcalf's name, or it was mentioned in Mr. Douglas's letter to you?

Dr. TUPPER. Gov. Metcalf, of Nebraska, I believe, sir.

The CHAIRMAN. He was formerly connected with Secretary of State Bryan?

Dr. TUPPER. I think at one time he was governor of Panama, was he not?

The CHAIRMAN. Well, my memory is somewhat defective on matters of that kind. But the Mr. Metcalf who was the governor of Panama is the same Mr. Metcalf to whom you referred?

Dr. TUPPER. That is my inference and my best knowledge.

The CHAIRMAN. Did you come in contact with one John Lind on this matter?

Dr. TUPPER. I have met Mr. Lind on several occasions.

The CHAIRMAN. Consulted with him in behalf of the Carranza government?

Dr. TUPPER. I think I have discussed the matter with Mr. Lind, but not very fully.

The CHAIRMAN. Do you know Mr. R. H. Cole?

Dr. TUPPER. I know a Mr. Cole.

The CHAIRMAN. Did you meet him in Mexico?

Dr. TUPPER. No, sir; I do not think I ever met Mr. Cole in Mexico. I met him several times, if you refer to Mr. Richard Cole.

The CHAIRMAN. Yes; Richard Cole.

Dr. TUPPER. From California?

The CHAIRMAN. Yes.

Dr. TUPPER. I met him several times in America. I do not recall having met him in Mexico. I may be mistaken.

The CHAIRMAN. Did you ever discuss matters with him along the line of the recognition of Carranza?

Dr. TUPPER. He has discussed the matter with me.

The CHAIRMAN. Was he here in Washington, do you know, before Carranza's recognition?

Dr. TUPPER. My impression was that Mr. Cole visited Washington now and then during that period.

The CHAIRMAN. With what Americans aside from Mr. Bryan, and the President, and Mr. Metcalf, and Mr. Cole, if any, did you have consultations, or who had consultations with you, with reference to the recognition of Carranza; if you recall?

Dr. TUPPER. Well, I am not positive as to the discussion of the recognition of Mr. Carranza, but I have had friendly talks about Mexico with a number of gentlemen. I have mentioned a Mr. Leckie, attorney, and Mr. Pace, who was secretary to, I think, Mr. Douglas; and also I had a talk with Gen. Funston, who was at Vera Cruz.

The CHAIRMAN. Did you ever have any talks with Gov. Folk, of Missouri, about Mexico?

Dr. TUPPER. I don't think I ever discussed that question with Mr. Folk. I know Folk, but I do not recall having discussed that matter at all with Gov. Folk.

The CHAIRMAN. Did you know Louis d'Antin?

Dr. TUPPER. Louis d'Antin?

The CHAIRMAN. Yes.

Dr. TUPPER. I do not recall him. I may have met him, but I do not recall at this moment the gentleman at all.

The CHAIRMAN. You came in contact with Mr. Arredondo, who was Carranza's representative here?

Dr. TUPPER. Yes, sir; there is a letter, by the way, that I think that I filed from Arredondo.

The CHAIRMAN. Did you ever meet Mr. Arredondo at his residence?

Dr. TUPPER. I may have met him. I will not say I did not, but I will only mention matters that are positively in my mind.

The CHAIRMAN. Certainly. Now, Doctor, you have read into the record, or mentioned, some clippings with reference to a visit from educationalists from Mexico who were to have moving pictures taken of agriculture in this country, etc. Do you know what the conditions in Mexico are today with reference to education?

Dr. TUPPER. I am inclined to think very bad. I am very sorry to say that, because I feel that the seed I sowed there has not brought the fruit that I hoped, but I do believe the seed is there.

The CHAIRMAN. I noticed a statement from Gen. Carranza to yourself, dated November 15, 1913, in which Gen. Carranza says that "the immediate object of the Constitutionals is the restoration of constitutional government in Mexico by the elimination of Huerta and all those responsible with him for the assassination of President Madero and the usurpation of the government." Has that promise to you, in your judgment been carried out?

Dr. TUPPER. May I trouble you to read that again, Senator?

The CHAIRMAN (reading):

The immediate object of the Constitutionals is the restoration of constitutional government in Mexico by the elimination of Huerta and all those responsible with him for the assassination of President Madero and the usurpation of the government.

And another paragraph [continuing reading]:

In order to carry out the first object—the elimination of Huerta and his associates at once—the Constitutionals ask but one thing of the United States: The repeal of the resolution forbidding the free export of arms and ammunition from that country, no matter to whom.

And the next paragraph is that—

With such repeal the Constitutionals give assurance that within one month thereafter they would have at least 100,000 well armed and equipped troops in the field, and that within three months they would have restored peace to the entire country.

I ask you, first, whether in your judgment constitutional government has been restored in Mexico, such as was contemplated at the time this statement was made?

Dr. TUPPER. I do not think it has, sir.

The CHAIRMAN. You were speaking of the restoration of the Madero school.

Dr. TUPPER. Yes, sir; the Madero school at Saltillo.

The CHAIRMAN. And assurances that you had had from Carranza, as I understand it, with reference to education, etc. Do you know what the provision of the constitution of Mexico is with reference to ministers conducting schools there? Are you familiar with that?

Dr. TUPPER. Well, I have never read it. I have been told that there is such a paragraph in the constitution, but I doubt very much whether it has been enforced. I will give you an illustration of that, if you desire.

The CHAIRMAN. I will read article 3 of the constitution, so called, of 1917:

ART. 3. Instruction is free: that given in public institutions of learning shall be secular. Primary instruction, whether higher or lower, given in private institutions shall likewise be secular.

No religious corporation nor minister of any religious creed shall establish or direct schools of primary instruction.

Private primary schools may be established only subject to official supervision.

Primary instruction in public schools shall be gratuitous.

You think that that provision of the constitution is not being enforced?

Dr. TUPPER. I do not think so, fully. When I was in Saltillo one of the gentlemen interested in the work, Mr. Lacy, I think it was, came to Saltillo and asked me to present him to Carranza. He had a long conference. He speaks Spanish well. And he came up in the room and said, "That is most encouraging. Mr. Carranza assured me he would protect me in this work and in every way possible would encourage the work."

The CHAIRMAN. When was that?

Dr. TUPPER. That was in 1914.

The CHAIRMAN. That was three years before the adoption of the constitution the provision of which I have just read.

Dr. TUPPER. Perhaps it was. You see I have not been in Mexico since 1916 or 1917; 1916, I think. I doubt whether I have been in Mexico since the adoption of that constitution.

The CHAIRMAN. In article 27 of the constitution, subdivision 2 [reading]:

The religious institutions known as churches, irrespective of creed, shall in no case have legal capacity to acquire, hold, or administer real property or loans made on such real property; all such real property or loans as may be and at present held by the said religious institutions, either on their own behalf or through third parties, shall vest in the nation, and anyone shall have the right to denounce property so held. Presumptive proof shall be sufficient to declare the denunciation well founded.

Had you had your attention called to that provision in the constitution of 1917?

Dr. TUPPER. What is that question, sir?

The CHAIRMAN. I asked if you had had your attention called to that provision of the constitution?

Dr. TUPPER. Yes, sir; my attention was called to that.

The CHAIRMAN. I was wondering, doctor, what you thought of the result of your efforts, upon which you have been congratulated, in securing the recognition of Mr. Carranza—if you are satisfied?

Dr. TUPPER. I will say this, Senator, very plainly: As I admitted just now, I have been very much disappointed in the results of my work. I had hoped that before this we would have a harvest from the seed that I sowed, but I am not thoroughly discouraged. I hope still possibly to have. But so far as the sum total of results is concerned I am disappointed.

The CHAIRMAN. You said that you visited Mexico about 1889 and noticed the difference between the wealthy class and the laboring class in Mexico. Did you give any thought or investigation at all to the question of public schools at that time, Doctor?

Dr. TUPPER. As I said, I only noted superficially; but that was the impression that I had formed, and I was only there a comparatively short time.

The CHAIRMAN. Did you see President Diaz at all?

Dr. TUPPER. I just met him, sir; at some reception.

The CHAIRMAN. Did you have any opportunity to discuss with him the subject of schools?

Dr. TUPPER. I did not; no, sir. He impressed me as a most remarkable man. I sometimes agree with Mr. Elihu Root that he is one of the remarkable men of the day. He was a very remarkable man, indeed.

The CHAIRMAN. Under article 130 of the constitution of 1917 there is a provision that only a Mexican by birth may be a minister of any religious creed in Mexico.

Dr. TUPPER. What is that?

The CHAIRMAN. Only a Mexican by birth may be a minister of any religious creed in Mexico. Had you had your attention called to that?

Dr. TUPPER. You would think by that that no one who was a minister of the Gospel born outside of Mexico could speak there, could preach there?

The CHAIRMAN. I will just read the constitution and ask if you have had your attention called to it

Dr. TUPPER. Well, I am sure that a number of my friends who are speaking continuously there—I think there are several churches open, I am quite sure, in Mexico City—that is my impression. When I was there I preached all over the Republic, wherever I had an opportunity, but that was before the constitution.

The CHAIRMAN. Yes.

Dr. TUPPER. But I do not think that has been carried out fully. That is my impression.

The CHAIRMAN. "No ministers of religious creeds shall, either in public or private meetings, or in acts of worship or religious propaganda, criticize the fundamental laws of the country, the authorities in particular or the government in general; they shall have no vote, nor be eligible to office, nor shall they be entitled to assemble for political purposes."

You have not given much thought to that?

Dr. TUPPER. No; I had not seen that, Senator. I am very much obliged for the information.

The CHAIRMAN. The closing lines of the constitutional provision, article 130, are as follows:

No minister of any religious creed may inherit, either on his own behalf or by means of a trustee or otherwise, any real property occupied by any association



of religious propaganda or religious or charitable purposes. Ministers of religious creeds are incapable legally of inheriting by will from ministers of the same religious creed or from any private individual to whom they are not related by blood within the fourth degree.

Dr. TUPPER. I do not think that will affect many ministers. We do not inherit much. But I did not know that was in the constitution.

The CHAIRMAN. Doctor, you did not have your attention called while you were there prior to 1915, October 9, to the fact that practically all the leaders, military chieftains, associated with Carranza, had adopted or announced as their purpose, if successful, the elimination of all foreign ministers from Mexico entirely?

Dr. TUPPER. I did not know that. You mean before that?

The CHAIRMAN. Yes, sir.

Dr. TUPPER. No, sir. That was not put in action, for I walked the streets in Mexico City and met Carranza over and over again. I had these many conferences with Gen. Obregon, with Gonzales. I think I have in my pocket—I had this morning—the little card handed me in which I had entrance to the Chapultepec castle, and so on, and also a letter or card from Obregon, signed by Obregon, and I was speaking every Sunday at a little American church there. That was not in force at that time, Senator, nor since, as far as I know.

The CHAIRMAN. I did not mean to even insinuate they were enforcing this provision of the constitution against the church workers from this country at that time.

Dr. TUPPER. And I did not know I was violating any law of the land there when I did that.

The CHAIRMAN. Possibly you were not, so long as you were under the protection of what he called the law of the land. The President, without the act of Congress, can put in force, or revise, and put in force, any provision of the constitution.

Dr. TUPPER. Yes, sir.

The CHAIRMAN. Doctor, what was the general condition with reference to poverty, beggars, food conditions, etc., in the winter of 1914 when you were in Mexico City?

Dr. TUPPER. Very wretched.

The CHAIRMAN. Do you know what the conditions were there in the fall of 1915, at the time of the recognition of Carranza?

Dr. TUPPER. No, sir; I was in this country at that time; I think most of the time.

The CHAIRMAN. Do you know anything about the work of the American Red Cross in northern Mexico under Weller and in southern Mexico under O'Connor in 1915?

Dr. TUPPER. Only from hearsay, sir. I know nothing from my personal, absolute knowledge.

The CHAIRMAN. Did you hear anything as to why such work ceased, if it did cease?

Dr. TUPPER. I did not, Senator. I have never been informed on that subject. There were reports in the air, but nothing definite and concrete came to my attention.

The CHAIRMAN. Do you keep up with the Red Cross work?

Dr. TUPPER. Yes, sir; somewhat. I am very much interested in it.

The CHAIRMAN. I notice in the official magazine of the Red Cross for November, I think it is, 1915—I have not the magazine before

me; I have only a portion of it, as some of the leaves have been cut out, but I am now securing for the files of this committee another copy—but I notice a statement here “from a report of Mr. O'Connor of relief work in Mexico City,” written in September, we quote the following:

Twenty-six thousand applications for aid have been investigated and approved by responsible organizations and individuals. Each of these represents an average of 4.5 persons. There are many applications which have not been investigated yet for lack of time. As many as 3,400 persons have made application at headquarters in a single day, besides hundreds who applied in other places.

#### SOUP FOR THE STARVING.

By the use of garbanzas, dried peas, fresh vegetables, and meat—all of the best quality—it has been possible to provide a clean, nourishing soup, with a food value averaging 500 calories per liter. Most of this is cooked by steam in large vats at the *rastro*, whence it is carried by autotrucks and wagons to the relief stations. The service has not been so good as we would like. Neglect at some of the stations has resulted in sour soup, while a few of the men employed have had so little human feeling as to traffic in garbanzas and meat stolen from starving women and children. We have tried to correct such abuses as soon as they were discovered.

The total quantity of soup delivered from August 5 to September 4, inclusive, was 553,575 liters. This form of giving relief is much more difficult and expensive than the distribution of uncooked food, but on account of the very high price of charcoal, wood, and salt it was considered the most beneficial form.

Through a special arrangement a number of cases of extreme starvation requiring medical attention have been treated in the American Hospital.

Dr. TUPPER. At Mexico City.

The CHAIRMAN. Yes, sir.

The foregoing, as the date indicates, was written before Mr. O'Connor knew that the American Red Cross would withdraw from Mexico.

Dr. TUPPER. I might say on general principles the Red Cross does always a wise and most benevolent work, but most unfortunate that they left Mexico.

The CHAIRMAN. On page 354 I notice a picture of J. C. Weller, who managed the distribution of Red Cross food in Saltillo and Monclova.

The relief work done under the supervision of Mr. Weller in northern Mexico was divided among a number of cities and many difficulties were encountered. From private as well as official sources, reports have come indicating that a multitude of poor civilians who were fed with corn for many days and beans taken to their territory by Mr. Weller on trains that were likely to be blown up any minute or thrown into a ravine from a rickety bridge were gratefully appreciated. The character of Mr. Weller's work was somewhat different from that of Mr. O'Connor. Mr. Weller was traveling much of the time. Both took some hazardous railway journeys, but Mr. Weller had more of this than Mr. O'Connor. His territory was very unsettled.

The American consul general to northern Mexico, Mr. Philip C. Hanna, during the earlier stages of the Mexican relief work ably managed for the Red Cross the distribution of corn and beans among many thousands of starving persons. To the great throngs of Mexicans which gathered daily about the American consulate in Monterey the consulate was looked upon as truly a life-saving agency. Unquestionably many hundreds of dependent persons were actually rescued from a death of slow torture by this activity in northern Mexico.

And that magazine of the same date has an article by the editor—

Dr. TUPPER. Will you kindly give me that date? I would like to get that magazine.

The CHAIRMAN. November, 1915.

Persistent and even strenuous efforts by the American Red Cross during a period of four months to appease, with all the facilities at its command, the widespread and intense suffering which has prevailed among women, children, babies, and other noncombatants in Mexico were brought to a close early in October and the responsibility of mitigating this misery was transferred to the Carranza faction, which has been recognized unanimously by the Pan American conferees on Mexico as the de facto government in that country. At the request of Gen. Carranza and with the advice of the American Department of State, which was consonant with the request, the American Red Cross discontinued its relief activities in both southern and northern Mexico October 8, and Special Agents Charles J. O'Connor and J. C. Weller, whose enterprise, hardihood, and efficiency in relieving the starving populace have brought them much praise, have been withdrawn. As it developed, the State Department advice in advocacy of the withdrawal of the Red Cross representatives presaged the formal recognition of the Carranza organization.

The formal recognition was on October 9, and on October 8 the Red Cross was ordered out of Mexico at the request of Gen. Carranza.

Dr. TUPPER. Most unfortunate.

The CHAIRMAN. I have here, which I shall place in the record now, in connection with this subject, a report on Red Cross work, August 25, 1915, to September 25, 1915, of Mr. J. C. Weller, special agent of the American Red Cross, who is the same Mr. Weller to whom reference is made in the Red Cross Magazine.

Dr. TUPPER. Yes, sir.

The CHAIRMAN. And that report was not only sent to Gen. Devol, acting chairman of the American Red Cross, but was by Mr. Weller filed in the State Department here in Washington.

Dr. TUPPER. Yes, sir.

(The report of Mr. Weller, to which reference is here made, will be found printed in full in "Tupper, Appendix A," at the end of this day's proceedings.)

The CHAIRMAN. I want to call your attention to one matter in connection with this, Doctor.

Dr. TUPPER. I would like to hear that, Senator, very much.

The CHAIRMAN. Because you are, of course, very sincerely interested and been doing what you could to better conditions in Mexico.

Dr. TUPPER. I am very much obliged for this illumination.

The CHAIRMAN. I will just call your attention to one paragraph here. It is a very long one, but nevertheless I think you will find it interesting.

Dr. TUPPER. Yes, sir.

The CHAIRMAN (reading):

On the morning of September 2, after having been assured that the line would not be open within a day or two, I proceeded to Sabinas, where I arrived the same day at 5 p. m. I was then informed that it would be two or three days before the line would be open to Monclova. We arrived in Sabinas Thursday, and on Saturday morning at 9 a. m. we were informed that the Carrancistas had the town surrounded and would make an attack in a few minutes. I immediately made preparations to leave, and before we could get the engine coupled onto the train we heard two loud explosions to the north and saw the dust and one bridge being blown up. Communications being cut off from the north, we proceeded to go south. On leaving Sabinas some 15 deserters, all young boys, part of the Villa army, climbed on our train, hiding themselves amongst the cars. I was careful to disarm each one, as the colonel insisted on my taking them, which I did not want to do. We proceeded slowly, and just 4 kilometers before reaching Beroteran, in a cut, we were suddenly opened fire on by about 800 men (Carrancistas), 400 being on one side of the track and 400 on the other. After the rifle firing began a machine gun was trained on our train and kept firing for about 5 minutes. My assistant and I ordered everybody down flat on the

floor of the car; fortunately, no one was hit. The engineer stopped his train immediately on the first shots, but they continued to fire at us for at least five minutes. Each car was plainly marked with the Red Cross sign on both sides. Inclosed photographs will show the size of the sign. There was no excuse for them not seeing the signs, as they could have been plainly seen at a mile distance. The engine had two Red Cross signs in front on each side.

I was told by a man who was formerly employed by me in Mexico, who was with the troops, that they were fully aware of our identity, but that they show up our train simply to show their disrespect for any American institution. The fact of the matter is that the Carrancistas have been coming into Sabinas, sleeping at night in their houses, and were fully aware that we were at Sabinas. One of the troopers came up to me with one of the Red Cross signs and handed it to me, torn in rags, and remarked: "Take your dirty rags, gringo —." Just before firing ceased I went out on the back platform and happened to recognize an officer, who was part American, however a Mexican citizen, by the name of Burchelmann. He immediately communicated to Gen. Zuazua my identity, and the order was given to cease firing by a bugle. In the meantime a trooper rode up to me and grabbed hold of me, with a pistol in his hand, searching me for arms; not finding any, he took my watch. A colonel coming up behind, whom I happened to know, ordered him not to touch me. He made the man give the watch to me.

As soon as firing ceased the whole mob swarmed down to the train yelling "Viva Carranza," and looking for loot. They flocked into my car with guns in their hands, but were stopped by this half-breed American, who assured them that we were not armed, and later Gen. Zuazua ordered them to keep out of the car. After I had talked to Gen. Zuazua and told him the seriousness of his act, he apologized in a half-hearted way, and gave me a pass permitting me to go through their lines.

Gen. Zuazua is the general who is now sending reports into our State Department of the pacification of the northern States of Mexico.

Our engine having run out of coal, I sent it down to Beroteran to get coal and come back and get our train. In the meantime, the Carrancistas formed a battle line and started back toward Beroteran. We could see Beroteran plainly, being on a hill above it. It seems they had surprised the Villistas a short time previous to our arrival, and had practically wiped out the small command of men at the station. Those they did not kill were taken prisoners and hurried off to Lampasas. The Villistas sent a small army from Esperanzas, 6 miles away, to retake Beroteran, which they did, and held for about two hours. The firing was continuous, and the Carrancistas entered Beroteran during the afternoon three times, and were driven out three times by the Villistas.

It is a very interesting document.

Dr. TUPPER. Yes, sir. I would like to have a copy of that.

The CHAIRMAN. If you can not get it from the department I will see that you have a copy of it, sir.

Dr. TUPPER. I would like to have that in my files.

The CHAIRMAN. Yes, sir.

Wednesday, September 15, while attending wounded, I was suddenly confronted with a howling group of men in charge of a captain by the name of Falcon, who rode up to the cars in which I had the wounded, with their guns and pistols cocked, asking where the Villistas were. They jumped off their horses and crowded into the cars, first taking a shot at a Mexican who was helping me——

There was some shooting and further trouble, which I will not read into this record at this time.

Dr. TUPPER. That is Mr. Weller's report?

The CHAIRMAN. That is Mr. Weller's official report to Gen. Devol, of the Red Cross, and also sent direct to the State Department.

Dr. TUPPER. I will be very glad to see that.

The CHAIRMAN. I am just reading one part after another.

On the first day we gave out in small doses 10 gallons of castor oil, not to speak of quinine, salts, and other medicines. There was one Mexican doctor in Monclova—

That is the capital of the State of Coahuila, the old capital—

There was one Mexican doctor in Monclova who was absolutely helpless and had no medicines for filling prescriptions. The prescriptions were sent to us and we did what we could to fill them. On Sunday, September 12, Gen. Madero came to me and asked me if I would accept a carload of beans to be distributed amongst the townspeople. I told him that I could see no objection to this, provided he allowed it to go through the regular channels. During the afternoon, while I was attending to the wounded, Gen. Madero made the mistake of opening up this car of beans on a sidetrack near the station. The people of the town immediately got wind of it, and they looted this car so that in 10 minutes after there was not a bean left in the car. The troops made some attempts to stop the looting but they were powerless. I estimate that 4,000 people fought, knocked one another down, to get these beans. On the same day Gen. Madero and Gen. Hernandez, with their troops, got out of Monclova, leaving a small command of men under Col. Torres as a rearguard for protection.

On the morning of September 22 the military commander came to me stating that he had received orders from Gen. Elizondo at Monclova, and searched my train, as it had been claimed that I had taken away with me two cars of ixtle and one of bones. I assured the commander that I had done no such thing, and that I turned these sacks over to Gen. Elizondo before leaving Monclova. He stated that it did not make any difference, that he wanted to search the train, and he ordered me to turn over the keys to the cars. I accommodated him and he tore the seals off of the cars in checking up contents. There was no excuse for this whatever, but it was simply done, I think, with the object of intimidating me.

Communication being cut off toward the north, I wired Gen. Zuazua offering to take the cars of medical supplies and corn to Saltillo or Monclova. I received a telegram from him stating that he appreciated my offer, but that the conditions in the territory controlled by the Carrancistas were such that help was not needed. He gave me permission to sell medical supplies and merchandise as a private individual, but for no reason could I act in an official capacity. This means that we need not expect any more work in this part of Mexico as long as it is controlled by Carrancistas.

This is a day by day report he is making.

There is no truth in his statements as to conditions being improved, as I have previously indicated in one of my reports that if a steady rain came there would be no railroad, which would make it impossible for them to furnish any food supplies to the people.

I unloaded 94 tons of corn at Monclova, and 11½ tons of beans purchased from Trueta and Elosua. The corn distributed in Monclova is a shipment we purchased from Eagle Pass Lumber Co., it having some weevil in it. I thought it advisable to get rid of it as soon as possible. The corn I have at Sabinas is 100 tons we purchased from Mr. Boicourt, and is good white corn without any weevil.

In conclusion, I only regret that some of our higher-up Government officials could not have been with me and seen the brand of individuals that are now in control of the situation in Mexico. They do not represent any of the good element in Mexico. They are lawless and have no more idea of patriotism than a yellow dog. They are mentally incapable of handling the situation. Gen. Elizondo, in command of Monclova, and also in command of a district larger than Massachusetts, is a boy of 24 years old, uneducated and absolutely irresponsible. Gen. Zuazua was formerly classed as a saloon bum around Eagle Pass, a lieutenant colonel in command of a territory as big as Rhode Island, sent to the Mexican army by my father some 15 years ago, having been arrested for stealing horses and cattle. These are not the exceptions, but the rule, of the character of men who now dominate one of the richest States in northern Mexico. This fact is largely due to Carranza, who has allowed them to do as they please, and they have no respect whatever for him; each man ruling his

district as he sees fit. I do not find any difference between the Carranza faction and the Villa faction, with the exception that Pancho Villa seems to have a better control over his men. It is rumored throughout the Carranza troops that Obregon and Villa are about to launch against Carranza.

Having been in personal contact with both factions, I believe that it would be a crime to turn loose this some 200,000 bandits, thieves, and scapegoats on the country. They are rotten with disease and have been divorced from all ideas of ever working again. They will disperse in small bands, and a reign of terror, which no leader such as Carranza would have the strength or power to overcome.

I repeat that if Carranza is given control over the country it will be only a short time until another movement is launched to eliminate Carranza from the situation.

This last report was filed the day before Mr. Carranza was unofficially recognized by this Government, the 9th. They were ordered out on that day.

You were not in the expedition to the border to congratulate Gen. Carranza on his recognition by this Government?

Dr. TUPPER. No, sir; I was not.

The CHAIRMAN. Do you know who went down there to see him?

Dr. TUPPER. I do not from any personal knowledge.

The CHAIRMAN. I meant among the Americans?

Dr. TUPPER. You were not, were you, Senator?

The CHAIRMAN. No, I was not. I am informed, though, that Mr. Douglas was, and I have also been informed there were some other Americans, including Hon. John Lind. However, that may not be correct.

Dr. TUPPER. I do not know.

The CHAIRMAN. Of course, it was perfectly proper. I have no objections to it. But I just wanted to know whether you were there.

Dr. TUPPER. No, sir; I did not know of that.

The CHAIRMAN. No; to refer back to this statement of Mr. Carranza's a moment, that was the statement he gave you, and which certainly was very convincing to you of his purpose.

Dr. TUPPER. Under the circumstances, it so impressed me.

The CHAIRMAN. I notice he says:

As first chief of the constitutionalist army in accordance with the plan of Guadalupe, I will, as soon as practicable after the constitutionalists shall have occupied Mexico City and brought about a condition of peace, call an election for president, vice president, and other elective officers; and I pledge myself that the election shall be absolutely free, and that every citizen of the Republic shall have an opportunity to cast his ballot for the candidates of his choice without fear or molestation. I pledge myself to turn over the Government at once to those chosen by the people and to install them in their positions.

Do you know the cause of the split between Villa and Carranza?

Dr. TUPPER. I do not, sir. It has always been a mystery in my mind.

The CHAIRMAN. Did you ever see a joint letter written by Gen. Obregon and Pancho Villa to Gen. Carranza just before the split?

Dr. TUPPER. I have never seen that letter, sir.

The CHAIRMAN. That is another interesting document.

Dr. TUPPER. I would like to see it. I did not know that it existed.

The CHAIRMAN. It bears upon what they claim was a repudiation of this very pledge that was made.

I pledge myself that the election shall be absolutely free, and that every citizen of the Republic shall have an opportunity to cast his ballot for the candidates of his choice without fear or molestation.

Do you know whether there ever has been such an election held in Mexico?

Dr. TUPPER. I have no positive knowledge along that line.

The CHAIRMAN. You have not been watching the result of your labors there, Doctor?

Dr. TUPPER. Yes; but I have no positive knowledge about that. My impression is, though, that that election has not been held, according to that statement, but I have never been there during an election.

The CHAIRMAN. You do not know what the requirements were for the election of the governors, municipal officers, members of Congress, at the time that the Congress was elected which adopted this constitution?

Dr. TUPPER. No; I have no positive knowledge of that.

The CHAIRMAN. In view of the statement made here, "that every citizen of the Republic shall have an opportunity to cast his ballot for the candidates of his choice without fear or molestation," it would seem to me it would have interested you to see the proclamation.

Dr. TUPPER. I have never had that opportunity.

The CHAIRMAN. If you had seen it you would have discovered that it absolutely repudiated this pledge, and simply provided that no one should vote, nor hold office, who was not a soldier of Carranza.

Dr. TUPPER. It would seem that conclusion would be necessary from that document.

The CHAIRMAN. I think you read a letter to you from the President. Did you put in the record the letter from yourself to the President?

Dr. TUPPER. No, sir.

The CHAIRMAN. Have you that letter?

Dr. TUPPER. I have not. I have never had any official connection with the Government of the United States, or any official connection with the Government of Mexico. It was merely an informal statement of my hopes that some good would result for the Republic.

The CHAIRMAN. Doctor, you have expressed your views and your sincere hope that intervention would be the very last thing.

Dr. TUPPER. The last of last resorts, I believe, were the words.

The CHAIRMAN. As there has not been any record made of it heretofore, for your information I will call your attention to a cablegram from this committee to El Universal of the City of Mexico, in answer to a cablegram from El Universal to this committee, in which we were asked what we proposed to do, etc. It was addressed to the individual members of the committee, and wanted each of us to give our views with reference to intervention in Mexico.

Dr. TUPPER. Yes.

The CHAIRMAN. This is the answer:

Your cablegram of yesterday to Senators Brandegee, Smith, and Fall received. You ask each individual to state whether at the present time he believes the best means for protecting foreign interests in Mexico is that of armed intervention, which you say would constitute an invasion similar to that of Belgium by the Germans, because of the difference in strength between Mexico and the United States. This committee has been created under a resolution containing explicit directions charging them with certain duties. The committee will discharge those duties to the best of their individual and collective ability, without fear, favor, or prejudice.

Answering your specific inquiry, none of the committee will express any individual views, and in performing their duty and making their recommendations they will be guided by the facts and circumstances as developed through an in-

vestigation which will be most thorough and exhaustive. Every nation or people claiming the right to be considered as a nation whose rights should be respected must, of course, as you know, be prepared to perform both international and national duties. Each individual member of this committee has hoped that the people of Mexico would of themselves be able to create and maintain a government which would perform such duties without interference of this or any other nation, and this committee yet hopes that the great Mexican people will be able to work out their destiny and earn and retain the respect of all nations which the Mexican Republic for so many years both deserved and received.

Dr. TUPPER. That is very fine. I certainly indorse that. Those are exactly my sentiments. I am glad you read that.

The CHAIRMAN. I think that is all.

Dr. TUPPER. Senator, may I ask your consent to have this filed as merely my statement:<sup>1</sup>

By request of Dr. Henry Allen Tupper, pastor of the First Baptist Church, Washington, he appeared before the Senate committee investigating Mexican affairs and laid upon the table more than 30 letters, cablegrams, and documents setting forth his activities, for years, in Mexico. From these records it was shown that Dr. Tupper's work was philanthropic, educational, and religious; and documentary proof was given that Dr. Tupper received for his activities, covering years in Mexico, an amount of money that only and exactly covered his personal and itemized expenses, he positively and repeatedly refusing to receive compensation for his services.

The CHAIRMAN. Doctor, I have no objection to your reading that into the record. It is your conclusion. This committee is not at the present time finding any conclusions upon collateral matter. There is no objection to your filing that as your conclusion, and not that of the committee.

Dr. TUPPER. I understand that. Before I leave, I wish to thank you for your kindness, and as I have had the pleasure of visiting you, I would be very glad if you gentlemen would visit me some time. I preach in the First Baptist Church at Sixteenth and O.

The CHAIRMAN. That is very kind. We appreciate your invitation.

### TESTIMONY OF AMOS L. BEATY.

(The witness was duly sworn by the chairman.)

The CHAIRMAN. Your full name for the record.

Mr. BEATY. Amos L. Beaty.

The CHAIRMAN. Your residence?

Mr. BEATY. New York.

The CHAIRMAN. Your occupation?

Mr. BEATY. Lawyer.

The CHAIRMAN. Judge, are you connected in any way with investments in Mexico?

Mr. BEATY. I am. I am general counsel and director in one of the executive committees of the Texas Co., a corporation in the oil business, that has investments in Mexico, through a subsidiary, the Texas Co. of Mexico.

The CHAIRMAN. Will you kindly state in your own terms, Judge—you are a lawyer and do not need to be questioned, and you know the purpose of this investigation—what your experience has been with reference to your company's properties in Mexico, any incidents connected with such experience which would cast any light upon this situation.

<sup>1</sup> Confidential—to be released when Dr. Tupper appears before committee, probably Friday a. m., Sept. 19.



Mr. BEATY. There are several phases, Senator, of our experience that I might take up in their order. One is the personal treatment, I may say, or the physical and personal treatment that our people have received. Another is the legal matters, and negotiations with the Government and the proceedings of the departments of the Government, as they affect our properties. And there are various other phases of our relations with the Mexican Government and the Mexican people that I could take up in their order.

I presume that logically the first thing you would expect me to tell about would be our experience in the fields. I will have to say at the start that I do not have any personal knowledge of these matters. I can only give you information based on the reports of our men on the ground and employees in authority, managing the company, superintendents, as they come to me in the regular course of business. I get these reports as one of the executives of the company, and what I tell you will have to be based on them.

The CHAIRMAN. Certainly.

Mr. BEATY. I never was in Mexico in my life, although I was born and raised in Texas.

We have had some rather sad experiences in the treatment of our men in the fields. We did not go into Mexico until 1911 and 1912. Our first investments were small in their nature. They were made in the name of R. E. Brooks and J. R. Sharp, as individuals, as we did not know at that time whether we wanted to organize a company or create the Texas Co. in Mexico and have it protocolized.

There are two small corporations that we acquired some property through. One was the Tampico Co. and the other the Panuco Transportation Co. Gradually these holdings and the business there have expanded as the oil field developed and the petroleum industry in that section developed.

The first of the outrages, as I will call it, that I have in mind—there may have been some minor instances prior to that time, but it is the first one of magnitude that came to my attention—was February, 1918, an attempt to rob one of our paymasters, Ed House and his assistants, or those accompanying him to pay the laborers in the field. It might interest you to have me read Ed House's own report. This was a few days before the 21st. It was the 13th, I believe. It is his own account of the treatment he received at the hands of bandits, bandits who were not held in restraint by the Government. This is his report to the general manager of the company:

I am handing you this report of my attempted trip to the lower district with various moneys, about twenty-two to twenty-four thousand pesos. I have \$5,025 for Agua Dulce (hireman), \$1,500 for Mr. Semmes, and \$4,000 for Mr. Stevenson. I had the producers' pay roll and checks, the Idolo Chinaman, and O'Hare & Meye, and the Chinaman of Agua Dulce; also the monthly roll for the men, and other moneys.

I left the Government dock on the *Alex* at 7.30 a. m., and about 8.40 to 9 near Santa Tomas, in the Chijol Canal, the boat was attacked by seven bandits or robbers. One was stationed some 300 yards from the main body, and on seeing the boat passing him stepped up on the bank and fired some three or four shots as a signal that the boat was coming to a stop. The pilot and all saw several men appear on the bank of the canal, and was signaled to come to the bank, which the pilot did. As the boat neared the place where the robbers were Mr. Frankel began hollering to me that he was shot, and there was considerable confusion, as the boat and all on the boat was in confusion and wanting me to give up the money, saying there were 40 of them.

As the boat landed, or went where it could, the captain and the engineer and pilot jumped or left the boat, as I had said I would not give up the money, and during this confusion I opened fire on the bandits. (Many details which happened I deem unnecessary to mention.)

After the shooting was over and the robbers gone I had no pilot, no captain, or engineer. Mr. Frankel said he could run the engine and Mr. Fischer acted as pilot, and we returned to Tampico, and I made a personal report to Mr. Miller and the captain of the *Indianapolis*, and later took the money back to the office, and in the meantime learned that the pilot was shot through the left arm. Mr. Niven came to my house last p. m. and informed me that you or there was a scheme to get the money down there, I will thank you if you will let me handle this money as I see best and as I think to the best interest of the company. I feel and I think I have shown to you that I will look to the interest of the company and protect all money placed in my hands, and I will thank you if you will let me consult you and use my judgment in the future, as I am responsible and my life is at stake.

His wishes were complied with, and he was given charge of the Mexican pay roll, which was on the 21st of the same month. I want to read a part of a letter from the vice president of our company to the Secretary of State:

On the morning of February 21 our launch *Alex-2* left Tampico at 7.30 in the morning bound down the Chijol Canal, and ordinarily Paymaster House would have boarded this launch with his funds. Fearing the bandits might be lying in wait for him, he left Tampico a half hour later in the launch *Hoopla*, owned by the Metropolitan Co., and in company with their paymaster, Mr. Minnett, and other Metropolitan employees. A little later the Metropolitan speed launch *Thencdara* followed the *Hoopla*. At about 8.30 a. m. the launch *Alex* arrived at a point in the Chijol Canal about 2½ miles below the Panuco River and was fired into and stopped by bandits, who demanded Paymaster House and his money. Mr. House not being aboard, the bandits robbed the other occupants of this launch. While this robbery was in progress the *Hoopla* arrived and she was immediately fired into by the same bandits. Mr. Minnett and a launch boy were wounded, as a result of which the launch immediately came to the shore. The bandits demanded money, and a number of boxes of silver were passed out by Mr. Minnett. A further demand was then made for gold. The gold coin belonging to the Metropolitan Co. was then handed over to the bandits. About this time Paymaster House appeared in the doorway of the cabin of the *Hoopla* with a shotgun in his hands. A fusillade followed, and Paymaster House, an American citizen, dropped dead, shot through the head. The party was robbed of about 15,000 pesos.

Mr. BEATY. On July 30, 1918, there was another murder, and I will read you something of that:

About 8 o'clock in the evening of July 30, two men entered the pipe-line camp at Tepetate and attempted to rob the cashier, Mr. A. W. Stevenson.

According to information available, it appears that Mr. Stevenson was about to comply with the demands of the bandits and open the safe, but for some reason changed his mind and shouted to Pat Coyne, who was a short distance away outside of the building, to go for help. As soon as Mr. Stevenson shouted for help one of the bandits shot him. He died about 9 o'clock that evening. For your information I inclose herewith a clipping from the Tampico Tribune of July 31, which gives a very good account of the tragedy.

Mr. Stevenson's body was at once brought to Tampico on a Mexican Gulf launch. It was embalmed and shipped to Port Arthur on the barge *Tampico*, to be forwarded to J. Thomas Stevenson, at Arroyo Grande, Calif.

Those are the two murders that our employees have been subjected to.

The CHAIRMAN. Has there been any investigation as to who was responsible for these murders?

Mr. BEATY. I think not. There have been demands for an investigation, but if there has ever been any investigation we did not know anything about it. The demand was made and the matter was re-

ported to the State Department. I do not know what passed between the State Department and the Mexican Government. I only know that they assured us that these matters would receive attention in the regular way.

Now, there were robberies of Obando camp February 9, 14, 17, and 22, 1918, four days in succession. Money and other articles were stolen. They took what money was there and what articles they could use. A full report of that is here, but I will not read it.

There was a robbery of Joseph M. Reid, Rosas camp, April 6 and 7, 1918. One hundred and ninety pesos taken. I have a full report of that.

There was a robbery of Tepetate camp April 16-18, 1918. Various things stolen. That was reported to the State Department.

There was a robbery in Laguna Tamiahu May 16, 1918. Amount of loss not stated. Yes; the amount of loss was \$600.

There was a robbery of Tepetate camp September 26, 1918. Amount not stated. The books, of course, will show it, but I haven't the transcript in my office. It is expected that they took all the money that was there.

Robbery of John Griffith, paymaster, October 5, 1918, \$540.

I read these reports, not so much for the importance of the robberies, but to give you the type. I will read the report of C. E. Hasbrook:

I wish to call your attention to the present conditions in Agua Dulce. Capt. Quinones with 15 soldiers arrived at the plant to-day at 5 p. m., announcing that he had very strict orders from the commanding general in this district to seize all commissary supplies and also to take all the gasoline on hand. He maintains that his orders are to search the property and take whatever arms, etc., he can find. He says he is to remain here for a period of 15 days.

In a conversation with Mr. Flynn the captain said that his orders were of a very strict nature to castigate the company for fancied inattention to the wants of the soldiers as to gasoline, and also for the removal of telephone from Lake Dock, and inattention to high officers.

The captain further stated that every movement in Agua Dulce was reported to headquarters by one employed at this works, but would not say who it was.

It is very apparent from present actions that the captain intends to do as he says, i. e., be just as mean as possible.

The men here are beginning to be somewhat dissatisfied with conditions, and if anything can be done to eliminate further difficulties it may help to maintain a full working force.

The CHAIRMAN. What is the name of that captain?

Mr. BEATY. Quinones.

The CHAIRMAN. Who was he, a Carrancista officer?

Mr. BEATY. Oh, yes. Then there was a robbery of our special messenger in Chijol Canal, February 5, 1919, \$4,000 taken.

A robbery at Tepetate, March 28, 1918, 7,500 pesos taken.

Robbery of Tom O'Connell, March 29, 1919, 5,000 pesos taken.

In the robbery just referred to, March 28, 1919, at Tepetate, which occurred May 2, Señor Camillio Carrutl, chief of the Italian military command in the United States, in company with the superintendent and Mr. Kincheloe was held up by armed men, and I understand he lost approximately \$250 United States money. They didn't find anything on Kincheloe. He, being wise to the game, did not carry any money.

The last depredation that I have a record of occurred on the 5th of the present month, and I want to read the report of that, as being typical of the treatment they received.

Yours of September 5 with reference to the recent wounding of two of our Mexican tank builders at the Obando lease was received upon my return from Tepetate.

In order to take care of the tank builders who are to erect the two 7,800-barrel tanks on the Obando lease we built four houses to be occupied by them during the construction of the tanks and to be used later by such permanent Mexican labor as we would use on the Obando lease. These houses were erected about 200 yards from the camp houses on lot 153 and just across the line from lot 154.

The Carrancista soldiers were grazing a bunch of horses on lot 154, and on the evening previous to the night in question came onto lot 153 and tried to move into the houses. The tank builders protested, stating that there was scarcely room in the houses for them. The soldiers seemed to have become considerably incensed at the tank builders not moving out and giving them the houses.

Between 2 and 3 o'clock in the morning seven or eight soldiers came over and demanded a thousand pesos from the tank builders. Upon being assured that they did not have the thousand pesos they then demanded 500. When this was not forthcoming, they demanded 100 pesos, and finally dropped to 1 peso. When this was refused, they fired three or four shots into the house, wounding one of the tank builders through the knee by the name of Pablo Gonzalez, and presumably the same bullet going into the second tank builder, by the name of Blaz Martinez, at a point somewhere in the hip and ranging up into the abdominal cavity.

I had Mr. Price, of our engineering department, and Mr. Henry G. Kimball, in charge of the land transportation of Tepetate district, call on the Carrancista general in command at Juan Casiano and ascertain what protection he was prepared to give the men. His reply to this question evidenced that he had already been apprised of the occurrence, and he also stated that he would have the captain in command of the troops at kilometer 22, on the Husteca Road, render such protection as was necessary to the men. He also insisted that the tank builders be sent to Juan Casiano Hospital for treatment, and which they absolutely refused to agree to, and insisted on being brought in, saying that they had rather take their chances, wounded as they were, and to take to the brush than to go to the hospital, intimating that they knew it would be their finish.

It was noticeable that the general expressed no regret or surprise at the affair, but took it as a matter of fact and an occurrence to be looked for at any time.

We brought the men into town, placing them in local hospital, and are giving them the best medical attention to be had. The one wounded through the knee I do not think is seriously wounded, but the one shot in the body is in a bad fix, but stands a fair chance of recovering unless there are some complications which we can not see at present.

The CHAIRMAN. What was that general's name?

Mr. BEATTY. I don't think he gives the name. He says, "The Carrancista general in command at Juan Casiano?"

The CHAIRMAN. Who was supposed to do the shooting? Were they soldiers?

Mr. BEATTY. Carrancista soldiers. And the wounded men were Mexicans, but employees of our company.

Here is one of the forms of waiver that is being required at this time by the Mexican consuls at the American ports before they visé the passports of employees of this company who desire to return to Mexico or go to Mexico on business. Several of the men have called my attention to this. One of them, in referring to it in a letter to me, said:

Judge, this is the last straw, but it is what I have to sign before the consul will visé my passport. Of course, you are already familiar with the new demand, and it does not change the actual situation one iota. But it is awful humiliating to an American to feel that his Government acquiesces.

(The form of waiver referred to is as follows:)

The undersigned, under oath, deposes and says that he has been warned that the Tampico oil region is a dangerous district on account of the activities of bandits operating in said region. That deponent by reason of his business

as ——— is on his way to that region and travels at his own risk. That in case some accident might happen to him, hereby he formally renounces the right that he or his heirs might have to present a claim to the Mexican Government either directly or through any other channel.

(Signed) ———.

Sworn and subscribed to before me this ——— day of ———, 1919.

(Signed) ———, *Notary Public*.

[Seal, notary public, ———.]

The CHAIRMAN. Have you seen any letters or communications from our State Department with reference to this affidavit that is required to be made?

Mr. BEATY. I saw one in the hands of some one yesterday, and I understand that there were other communications on the same subject. They have taken cognizance of it and have expressed some opinion or some attitude of the department to individuals. I haven't anything of that kind that I can put in the record.

Now, that in substance is the history of depredations and outrages as they apply to my company. I am not speaking about any other company. I am trying to deal with our case, what our situation is, so that you will understand our situation in connection with the whole.

The CHAIRMAN. You spoke in several instances of several officers—generals, captains, and others. Your property is generally considered in the district over which Carranza assumes to have control?

Mr. BEATY. Not entirely. I think part of the Tepetate district is in the twilight zone now. I was going to come to the matter of payments that we have been required to make to Pelaez in his district.

The CHAIRMAN. Very well.

Mr. BEATY. We have to make a payment to Pelaez every month, or we have the gravest fears as to what would happen if we did not make the payment. These payments began in December, 1917. The first payment was 2,000 pesos, or \$1,000. They continued for two months, and the payments were doubled. Since then we have been paying \$2,000 American gold, or 4,000 pesos a month. That is in the territory where Pelaez is supposed to be in control.

I might, before leaving entirely the subject of depredations, file with you an American newspaper published at Tampico weekly, called the Tampico Tribune. This issue is dated August 23. I do not mean this was an average week. It seems that depredations were more numerous than usual. But the headline in the first column is "Transcontinental Co. robbed of \$30,000, United States currency Monday." In the third column, "Agwi Co. paymaster robbed of \$4,060 gold on road to Tepetate." In the last column "Pen Mex Fuel Co. robbed of \$25,000 Mexican at Tuxpam terminal."

Then there is an account down here of injuries to Pat Coyne, who was one of the injured I did not mention, an employee of the Texas Co. It, perhaps, does not have direct relation to governmental operations, but it has an indirect relation, because it is charged a Mexican laborer came in with blood in his eyes and assaulted Coyne with a knife, would have killed him but he was knocked down before he could give the second stab, and that ended the trouble. He was taken away.

All those things are on the first page of this paper. It might be well to leave it with you, if you would care to have it.

The CHAIRMAN. We would be very glad to have it.

(The articles above referred to in the Tampico Tribune will be found in "Beatty, Appendix B," at the end of to-day's proceedings.)

Mr. BEATY. Now, may I proceed with another subject?

The CHAIRMAN. Yes.

Mr. BEATY. In the early part of 1917 there was some discussion by the oil companies operating at Tampico and removing oil by ship about the necessity of improving the harbor, dredging the canal from the jetties on the river. The Mexican Government expressed a willingness, as I understand it, to go into the project, or to go in on the project, but confessed a lack of funds. There was consideration by the oil companies of proceeding and providing part of the funds, helping the government, getting the work started, the idea being that the additional revenue that the government would get from the movement of oil, the shipping that would come in and go out, would take care of the expense of the dredging, as is usually the case. But they failed to reach an agreement at that time.

At that time my company offered to contribute \$30,000 toward helping with the project. It did not go through. The Mexican authorities knew of the negotiations and took it upon themselves to put the project through without the consent of the companies, so far as my company was concerned, at least. The chief executive made a contract with the United Dredging Co. to do the dredging on a basis of the rate of 26 cents per cubic meter. It was estimated that the amount would be about \$2,700,000 American gold. Under their contract they assessed the cost of the dredging against the oil companies, apportioned it among the oil companies, and notified them that they would be required to pay it; that the oil companies would be reimbursed for what they advanced out of 25 per cent, that is, they would get back 25 per cent of the excess of future taxes on exportations. In other words, it would be a rebate in the future so far as the oil companies were concerned. That is the way they were to get it back. They stated that the companies would be allowed to have a representative on a commission to see that their money was properly expended.

I present here an official circular issued by the department of finance and public credits of Mexico, dated March 2, 1917, levying a monthly assessment of \$100,000 on the oil companies, to be apportioned between them, to do that work.

(The document above referred to is as follows:)

DEPARTMENT OF FINANCE AND PUBLIC CREDIT, MEXICO,  
CHIEF OF THE DEPARTMENT OF TAXES.

[Issue 1. No. 24.]

The department of finance and public credit celebrated a contract with the United Dredging Co. for the dredging and preserving of the bar of Tampico in good condition, promising to pay the dredging company the sum of \$100,000. monthly, which has been distributed proportionately among all the petroleum industries that export oil from Tampico, according to note No. 1 attached, and according to the use made of the bar, advising you that this distribution is subject to rectification, if from data collected by the department of finance it should appear that any companies should contribute more fully than now assessed.

With the understanding that the oil companies have the right to watch over the administration of the fund destined for the dredging, such administration

will be made by means of a commission to be located in the port of Tampico, and which shall have all the powers of collection, management, and the payment of the dredging company. The inspection commission shall be composed of a representative of the department of finance, one of the department of communications and one for the oil companies, to be named by them before the 10th instant.

The amount to be paid by each company shall be paid during the course of the second 15 days' period of each month. These amounts shall be returned to the companies out of 25 per cent of the excess which each one has in exportation, taking into consideration the average shown in the attached sheet.

All of which is communicated to you for your information and for authority to deliver to the commission of inspectors of the dredging of the Panuco River, the amount corresponding to each company according to the attached list.

Constitution and Reforms, Mexico, March 2, 1917.

A. MADRAZO,  
*Chief Official in the Office.*

To Mr. THEO. RIVERS,  
*Representative of R. E. Brooks.*

Mr. BEATY. We took council of Mexican lawyers, besides an investigation for ourselves of the laws, so far as we could interpret them, and the unanimous conclusion reached was that there was no foundation in law for any such demand, no law for it, no basis whatever, no semblance for a basis for any opinion of that kind. My company filed a protest against it. Among other things, my company and the other companies declined to have a man on that commission, because that would be an acquiescence in the plan, of course. If we placed a man on the commission it was an acquiescence in the plan and an agreement to pay it. We received a circular, under date of April 27, 1917, a copy of which I wish to file.

(The circular referred to is here copied in the record, as follows:)

By order of the department of finance and public credit, from this date until further orders all movement of petroleum by the Tampico Co., Texas Co., and R. E. Brooks, will be suspended, and is further provided that a violation of said order will subject the parties to the penalties provided by law.

The foregoing is communicated to you for your information and consequent objects.

Constitution and Reforms, Tampico Tamps, April 27, 1917.

V. GARILLAZO, *Sub Inspector.*

To the SUPERINTENDENT OF THE COMPANIES,  
TAMPICO Co., TEXAS Co., and R. E. Brooks, Present.

Mr. BEATY. A few days after that our steamship *Brabant* loaded at Tampico with oil and was ready to sail, and the authorities refused to let it sail until we paid our assessment for this dredging. The *Brabant* was held 48 hours plus after she was ready to go. We finally paid our assessment. My recollection is the amount of it at that time was three months. Our assessment was \$9,500 a month American gold. We continued to pay those assessments until recently, when we quit.

The statement of our account of April 29 of this year was as follows: We had paid \$391,420.50; we had received back on credits in exportations, under that refund scheme, \$68,873.64.

The oil companies had this matter laid before our State Department about that time. I can not state what representations were made by the State Department, because I do not know. I know that a few days after that we had another boat stopped. I think that was in May of the present year. They would not let that boat sail, and we protested to the City of Mexico, sent a telegram to

Cabrera. As a result of that they canceled the embargo and let the boat sail. We are not paying that amount any more. We may in course of time get back under this refund scheme the money that we have advanced without any warrant or authority of law compelling us to do so, it being really coercion, but it will take some time, unless they should increase the export tax which is now 10 per cent on arbitrary value.

I will leave with you circular No. 48 for the months of September and October, fixing the valuation on oil, for the purpose of this export tax of 10 per cent. Attached to a copy of the order is a tabulation consisting of a calculation by which we were guided in paying the tax. It is reduced to barrels, the tax per barrel in United States currency. On crude oil of the light gravity the average ranges from 0.1112 to 0.1120. It is nearly 5 cents on the heavy oil, that much per barrel, which is from 25 to 50 per cent, in my opinion, of the market value of the oil at the well.

(The said circular No. 48 submitted by the witness will be found printed in full in "Beatty, Appendix B," at the end of to-day's proceedings.)

The CHAIRMAN. I suggest we take a recess until 3 o'clock. The members of the committee have to make an occasional appearance on the floor of the Senate and we will return here at 3 o'clock to resume your testimony.

(Thereupon a recess was taken until 3 o'clock p. m.)

#### AFTERNOON SESSION.

At 3.15 p. m. the subcommittee reassembled.

The CHAIRMAN. The committee will come to order.

You may proceed, Judge, when you are ready.

Mr. BEATTY. I desire to now call your attention somewhat in detail to actions of the Mexican Government approving adverse denouncements of oil lands held under leases by the Texas Co., of Mexico, and refusals of the Mexican Government to grant the company permission to drill wells on these lands of the company that it holds under leases, except upon condition that the company obligate itself to obey the provisions of the petroleum law to be enacted in the future, or the Government's avowed policy of taking over all wells; in other words, confiscation of our property.

As I said before, the Texas Co., of Mexico—I don't know that I said it was a Mexican corporation, but it was organized under the laws of Mexico, but, as I stated, all its stock, except qualifying shares, is owned by the Texas Co., a corporation of Texas, United States of America, and virtually all of the Texas Co.'s stock is owned by citizens of the United States, some 5,000 in number. The original acquisitions of the Texas Co. in Mexico date back to 1911 and 1912, and were in the name of individuals, citizens of the United States, and through the two corporations I have mentioned. Prior to May 1, 1917, these properties were taken over by the chosen subsidiary, the Texas Co. of Mexico, which has a paid-up capital of 3,500,000 pesos. The total investment of the company is something over 5,000,000 pesos, and its properties are worth a good deal more than that. On all of the lands that I will mention, situated in the



State of Vera Cruz, the Texas Co. of Mexico holds all leases executed by landowners prior to May 1, 1917. That is the date of the new constitution. At the date of the leases there was in force an act passed by the Mexican Congress in 1884 declaring petroleum to be the exclusive property of the owner of the land.

Now, I will specify here briefly the various properties concerning which we are in controversy with the Mexican Government, specifically in controversy, and then I will file with you a transcript of the correspondence, the petitions, the orders on those petitions, in the form of correspondence between our officials and the departments of the Government.

The CHAIRMAN. Officials of your company?

Mr. BEATY. Officials and representatives of the company, and the head of the Petroleum Division of the Department of Commerce and Labor.

First is lot 34, 36, and 55, Zacamixtle. That property has been denounced by Rafael Cortina under a decree issued in 1918, with which the committee is familiar, I am sure. Those are the decrees providing for denouncement pursuant to the provisions of article 27 of the constitution.

The CHAIRMAN. That property belongs to your company by lease?

Mr. BEATY. Yes, sir.

The CHAIRMAN. And this party whom you have just mentioned—

Mr. BEATY. Has filed on them.

The CHAIRMAN. Has, under the Mexican constitution, made a filing upon or denouncement of that property?

Mr. BEATY. Yes. The company protested by communication dated August 20, 1918, but its protest was overruled under date of August 28, 1919; which simply states that the company must comply with the provisions of the decree of August 12, 1918, or avail itself of the decree of August 8, 1918, in order to receive any consideration. In other words, we must manifest our properties and come under the provisions of the petroleum decree made pursuant to article 27, which declares that petroleum belongs to the nation.

The CHAIRMAN. Have you a copy of the decree?

Mr. BEATY. Yes, sir.

The CHAIRMAN. How was it made? Is it an act of Congress or is it a decree of the President?

Mr. BEATY. A decree of the President.

The CHAIRMAN. Not an act of Congress based on the constitution?

Mr. BEATY. No, sir; it is a decree of the President.

The next is lot 7, Potrero de la Isleta. On July 16, 1919, the company asked permission to drill a well on this land, which was refused by communication dated July 30, 1919, on the ground that the company had not filed the manifest required by the decree of July 31, 1918, nor denounced the property according to the decree. Subsequently, on August 8, 1918, the Government requested the company to send the leased contract under which the property was held, and a copy was forwarded August 12, 1919. By communication dated September 5, 1919, permission to drill was made conditional upon the obligation of the company to observe the precepts of the petroleum law when enacted.

By communication dated September 6, 1919, the company objected to certain portions thereof.

The next is lot 14, Potrero de la Isleta. That property had been denounced by the Mexican National Petroleum Co. A protest against that denouncement was made, dated January 6, 1919, and the chief inspector on the following day requested a statement of the capital invested in exploration, and a geological report. On January 11, 1919, reply was made, mentioning the amount paid for the land, and other expenses. On June 3, 1919, drilling operations having been begun by the company filing the denouncement, the Texas Co. of Mexico, requested an order suspending operations. That was amplified with correspondence dated from June 7 to June 23, 1919. The Government, under date of July 16, 1919, overruled the protest, because the Texas Co. had not complied with the decree of August 8, 1918. By communication dated July 23, 1919, the Government reaffirmed its position; that is, they affirmed the decision of the chief inspector, stating that the Mexican National Petroleum Co. had complied with the decrees of July 31 and August 8, 1919.

The next is lot 17 Potrero de la Isleta. On June 3, 1919, the company requested permission to drill a well. This was refused on June 9, 1919, on the ground the company had not complied with the provisions of the decrees of July 21, August 8, and August 12, 1918. The company renewed its request on June 30, 1919, and on July 1 the Government replied that, notwithstanding there had been no compliance with the above mentioned decrees, it would not refuse permission, if the company would prove it had complied with the decree of August 12, 1918. On August 8, 1919, the Government requested a copy of certain papers, which was forwarded. So now the matter stands.

The next is lot 114, Chinampa. On May 9, 1919, the company requested permission to drill a well. This was filed with the department in Mexico City. On May 15, 1919, the undersecretary in charge informed the company the application must be filed with the petroleum agency in Tuxpam. That was done on May 20, 1919. On May 26, 1919, permission was refused, under instructions which had been issued August 14, 1918, prohibiting any work on property not manifested. This same property had been denounced by Bennett H. Buchanan, and protest had been made June 30, 1919. The Government overruled the protest of the company on July 21, 1919, on the ground the company had not complied with the decree of July 31, or the decree of August 12 of the same year. The company on September 6, 1919, requested a reconsideration of their application for permission to drill wells on lots 114, 133, 153, and 154, Chinampa, which was refused on the ground the company had expressed its unwillingness to submit to the decrees of July 31, August 8, and August 12, 1918. The company was further advised at that time that if it should drill without permission, the penalty imposed by the decree of January 7, 1919, would be applied, and the well would be taken over by the Government. The company was also warned of the bad faith in which it was held, in relation to other companies, for example, L. Aguilla, Penn-Mex, Tepetate, and others. On September 6 the company asked for reconsideration as to lot 154, Chinampa, and permission to drill was requested June 4, and denied by the in-

spector on June 12, 1919, on the ground that the company was unwilling to submit to the decrees of July 31, August 8, and August 12, 1918. The ruling of the inspector was approved July 21, 1919. By communication dated September 6, reconsideration was requested.

On three of these properties we are drilling without payment. We are doing that in the face of the warning that the Mexican Government has given our company that if a well is brought in without payment it will be taken over by the Government. We are not doing it for the purpose of creating strife. We are simply doing it in the certainty of our rights, and in the hope that we will ultimately get protection in some way. Instructions on the point of drilling those wells were issued by me. After consulting with the other members of our executive committee, I instructed our manager to pursue precisely the same course; that is, if in the regular course of business and development it was necessary to drill a well, or advisable to drill a well, he should do it, just the same as if these difficulties did not exist; but, on the other hand, he should not drill a well which he otherwise would not start if it were not for the controversy in existence. In other words, he was instructed to pursue the even tenor of his way. One of those wells has probably been brought in this week or will be next week.

The question came up whether to stop drilling, and we told our manager to proceed with the drilling and go on with the well.

I leave with the committee the transcript, as I have described, of the correspondence, the orders in reference to these particular matters. You will find in the transcript copies of the circular issued August 1, 1919, on the subject of permission to drill. It reads as follows:

The President of the Republic has seen fit to order that landowners or assignees (*cesionarios*) holding the exploitation right who failed to file the manifests provided by decree of July 31, 1918, taxing oil lands and leases, may hereafter undertake oil exploration and exploitation works, provided that they obligate themselves to obey the provisions of the organic petroleum law which Congress of the Union may issue, when requesting the corresponding permission from the Federal Executive therefor.

Permits granted in compliance with the foregoing order shall be of a provisional character and shall be confirmed in accordance with the organic law on petroleum when such is issued.

In order to secure permits for exploration and exploitation the petitioning parties shall present to the department of industry, commerce, and labor the documents evidencing the ownership to the lands for which they desire to use the permits referred to.

Constitution and reforms.

Mexico, August 1, 1919.

LEON SALINAS,

*Under Secretary in Charge of the Department.*

The circular of January 7, 1915, referred to at various places in this correspondence, reads as follows:

Any petroleum wells brought in as the result of work carried on in violation of this decree shall be regarded as belonging to the nation.

That was reaffirmed and reenacted by decree issued March 20, 1919.

The CHAIRMAN. The date of the circular to which you just referred was 1915, prior to the adoption of this constitution?

Mr. BEATTY. Yes, sir. But by decree issued in the present year it was reaffirmed and continued in force.

In this correspondence you will find that they have not denied any petition or overruled any of our protests on the ground that we did not have title or on the ground that there was some police rule that ought to be observed. It is placed solely and invariably upon the ground that we have not acquiesced in these petroleum decrees or complied with them, or on the ground that we were unwilling to agree to abide by the petroleum law when enacted. We felt that we could not afford to do that, because the constitution itself says that petroleum is the property of the nation. We assumed it was at least probable that any petroleum law that they may enact may in terms try to carry that out. In other words, it would be a surrender, we fear, of our rights to make any such agreement. These decrees of 1918, made under article 27 of the constitution, according to advice of Mexican counsel, upon which we relied, would have the effect of a surrender of our rights in exchange for a mining license, which would be terminable by the Government and subject to such conditions as the Government might see fit to impose. In other words, we would give up what we call in this country a fee simple in exchange for a mining license, which we were not willing to do.

I want to file with the committee this correspondence I have referred to.

(The file of correspondence referred to by Mr. Beaty was filed with the committee.)

Mr. BEATY. I think the committee probably has a copy of the documents, a copy of the correspondence and documents made by the oil association, protecting these various decrees.

The CHAIRMAN. I think we have; but if you have an extra copy you may leave it.

Mr. BEATY. I will be glad to leave it.

(The document referred to, consisting of a printed pamphlet, The Oil Question, With Documents and Translations, was filed with the committee.)

Mr. BEATY. I will state further that a well is being drilled on one of these lots, lot 114, by the denouncer. We have failed to stop those operations, and they are proceeding with the drilling. Our protest had been overruled, and we have been refused permission to drill. In other words, the property is taken. We have taken action we deemed proper in order to obtain the proper remedy, and we intend to bring other forms of action. Proceedings are now pending and undetermined. We are unable to get stay orders, but the suits will be prosecuted, I assume, to final determination. In other words, we propose to exhaust all remedies in the Mexican courts.

The CHAIRMAN. Have you made representations to the State Department at Washington with reference to these different matters to which you have testified?

Mr. BEATY. Covering most of them; yes, sir. In regard to the status of these denouncements and applications for permission to drill, we have not brought the State Department up to date. I have in course of preparation a letter to the Secretary of State which I have not yet completed. I have read from it here in giving my testimony this afternoon, for the sake of brevity. I expect to bring the State Department up to date in the next week or the next few days on these matters. It has been our policy to keep the department advised.

The CHAIRMAN. Do you know what action has been taken by our State Department on any of these cases?

Mr. BEATY. I do not know. I have not been informed.

Senator BRANDEGEE. What acknowledgment do you get from them when you lay one of these cases before them?

Mr. BEATY. They acknowledge receipt of the communication and say the matter will be given attention. That is the substance of it; proper steps will be taken.

Senator BRANDEGEE. Then you do not hear any more from them?

Mr. BEATY. I think not. I do not think we have had any further advices in any case. I have in the files copies of letters of the kind I have described in reference to these outrages. I will put them in the record if you desire.

Senator BRANDEGEE. You mean your letters to the department?

Mr. BEATY. Yes, sir; I have copies of our letters and their replies.

The CHAIRMAN. You mean with respect to the robberies and murders?

Mr. BEATY. With respect to the robberies and murders.

The CHAIRMAN. And you have copies of their replies?

Mr. BEATY. Yes, sir.

The CHAIRMAN. You might file them, and copies of your letters.

Mr. BEATY. I will do so.

(The copies of letters written by Mr. Beaty to the State Department, and replies of the State Department thereto are printed in full in "Beaty, Appendix B," at the end of this day's proceedings.)

Senator BRANDEGEE. Do you mean to say, in none of these cases where you laid these complaints before the State Department, and the State Department acknowledged receipt of your communications, did they advise you later what representations they had made to the Mexican officials about it?

Mr. BEATY. That is what I mean to say.

Senator BRANDEGEE. Over how long a period have you been filing your complaints with the State Department and receiving that sort of treatment?

Mr. BEATY. It dates back to the beginning of the outrages.

Senator BRANDEGEE. Well, I shall have to ask another question. When did the outrages begin?

Mr. BEATY. I have stated that—February, 1918.

Senator BRANDEGEE. Have you made any personal representations to them, or sent anybody to talk to anyone in the department?

Mr. BEATTY. Yes, sir; we have discussed it with them personally several times.

Senator BRANDEGEE. You may have answered this, because I was not here all the time while you were testifying. Did you get any more satisfaction when you talked to them personally than you did when you communicated with them in writing?

Mr. BEATY. Yes, sir; it was more satisfactory, and we could get the real feeling of the person to whom we were talking and how the department feels about it. But we have not inquired what the representations were that have been made to the Mexican Government. We have not pressed that. We felt that it would have been given to us if they had felt we were entitled to it. It was a delicate sort of matter, and we have not pressed them for anything of that kind.

Senator BRANDEGEE. I would not regard it as so delicate, if my interests were involved, that I could not ask them whether they had had any response to representations or promises they made in my behalf.

Mr. BEATY. I really have not pressed it at all.

Senator BRANDEGEE. That is all the satisfaction you ever got from any of them?

Mr. BEATY. That is all we have got. We have not followed them up.

Senator BRANDEGEE. Who signed those letters from the State Department?

Mr. BEATY. That is Mr. Adee, Second Assistant Secretary of State.

Senator BRANDEGEE. I assume that if any satisfactory replies were received to the representations that they instructed our embassy to make to the Mexican Government they would have notified you.

Mr. BEATY. Probably that is the reason we have heard nothing further.

The CHAIRMAN. Does that conclude your statement upon the various points, Judge, that you desired to bring to the attention of the committee?

Mr. BEATY. Yes, sir.

The CHAIRMAN. There is one matter that might be a little confused in the record—in regard to the refusals of the Mexican Government to allow you to drill, and statements with reference to attempts made to drill under denouncements on your lands, and statements with reference to the right of the Mexican Government to refuse you permission to drill, etc. Have any of those statements been made to the department by you? Have you called to the attention of the State Department any of these matters?

Mr. BEATY. I do not think so. The matter has been brought to the attention of the State Department by the representative of the oil association. The companies have associated themselves together to make common cause, and they have a representative who has taken it upon himself to keep the State Department advised as to all these circulars and rulings, and I am sure it has been covered. For instance, if they make a ruling that they require you to agree to be bound by some future law, that is laid before the State Department by our representative.

The CHAIRMAN. That is, the representative of the association?

Mr. BEATY. Yes. I have relied on that representative up to date, but I am going to lay all of our cases before the department within the next few days.

The CHAIRMAN. For your particular company?

Mr. BEATY. Yes, sir. I will do that within the next few days. I may have created the wrong impression by saying the representative had done this. He was fully authorized to do it, and we have relied upon his doing it. I did not mean to say that he had assumed the authority. He has been expressly authorized by the association and its members and is acting in accordance with their instructions.

The CHAIRMAN. Who is that representative?

Mr. BEATY. Mr. Frederick N. Watriss.

The CHAIRMAN. He was the witness who was before the committee two or three days since?

Mr. BEATY. Yes, sir; I saw in the paper he had been before the committee.

The CHAIRMAN. Judge, has this association, to your knowledge, been engaged in any public propaganda in this country for the purpose of bringing on armed intervention between the United States and Mexico, or for any other purpose?

Mr. BEATY. It has not.

The CHAIRMAN. Is your company a member of the Association for the Protection of American Rights in Mexico?

Mr. BEATY. Yes, sir.

The CHAIRMAN. Do you leave your publicity matters to that association? That is, in line with its work, do you leave your publicity matters to it or do you have a publicity bureau of your own—your company or your oil association?

Mr. BEATY. The company has no publicity bureau organization of its own. The oil association has a committee that scouts for publicity that is being carried on, or propaganda being carried on, and if it is possible that committee or members of the association look out for those things and endeavor to combat them.

The CHAIRMAN. What means have you used to combat them; what instrument? Do you attempt to combat them through the Association for the Protection of American Rights in Mexico or through your own organization?

Mr. BEATY. They are combatted principally through the national association. Now and then something is done through the oil association; somebody will write something. For instance, I hold in my hand a brief that I wrote on the rules of American law invoked by the Mexican Government in proceedings brought by the oil companies, in which I undertook to demonstrate, as a matter of American law, that their position is untenable. It is a brief prepared for lawyers, and this was copied in a good many magazines in Mexico in Spanish and was extensively read, I understand. And recently, in the brief of the counsel for the oil companies, it was reproduced as a statement of American law. They had invoked American law to sustain these decrees, and to demonstrate that article 27 was not confiscatory. But that is something that might occur in the United States of America. This was for the purpose of offsetting that. That is the kind of publicity we have done, if you call it publicity. Mr. Kellogg wrote an article in some of the magazines giving his theory in regard to the contentions being made on that subject in Mexico.

The CHAIRMAN. Has your oil association ever, publicly or otherwise, advocated armed intervention in Mexico?

Mr. BEATY. It has not. I think it is the desire of every member of the association to see these matters settled in some other way, if possible.

The CHAIRMAN. That is all the questions I care to ask. We would be glad to have you leave with the committee that copy of the brief to which you have referred.

Mr. BEATY. I will be glad to do so.

(The copy of the brief referred to by the witness was filed with the committee.)

Mr. BEATY. Before I go, I might call your attention to these two leaflets. They were received by a lady voter living in Rye, N. Y. Her

Senator BRANDEGEE. I would not regard it as not receiving any such interests were involved, that I could not have had any response to representations made in Room 79, 2 Park Square, on my behalf.

Mr. BEATY. I really have not perceived any means by which they can be identified.

Senator BRANDEGEE. That is all.

Mr. BEATY. That is all we can go in identifying it, except the up. They are both very prominent.

Senator BRANDEGEE. That is all I know about it.

Mr. BEATY. That is all before you.

Senator BRANDEGEE. There is nothing in it that is not fit for publication.

Mr. BEATY. I did not read it. I did not know but I was shocked by it.

Mr. BEATY. I do not think there is anything that would be further.

The CHAIRMAN. The women of the country to have their various positions.

Mr. BEATY. The article entitled "Mexico, a Parting of the Ways," will be found printed in full in the close of this day's proceedings.

The CHAIRMAN. I spoke of having seen a letter of the department required by the Mexican authorities.

Mr. BEATY. I saw the letter required by the Mexican authorities to go into the Tampico district in order to see if that is the letter you referred to.

Mr. BEATY. I saw the name of the party to whom it is addressed.

Mr. BEATY. That is the letter that I had in mind, that I saw.

Mr. BEATY. That will be filed and printed in the record. The name of the party to whom it is addressed out.

Mr. BEATY. I saw the name of the party to whom it is addressed out.

#### DEPARTMENT OF STATE.

Washington.

The department acknowledges the receipt of your letter of — date, in which you state, as an American citizen engaged in business in the oil region of Mexico, you hold an American passport, issued by the Mexican consulate at Tampico, and that on applying to the Mexican consulate at Tampico, you were required, as a condition precedent to such visa, to sign an affidavit:

"I, the undersigned, under oath, deposes and says that he has been warned that the oil region is a dangerous district on account of the activities of the revolution in said region. That deponent, by reason of his business, is going by way to that region, and travels at his own risk. That deponent, in case of any accident might happen to him, hereby he formally renounces his heirs might have, to present a claim to the Mexican Government, directly or through any other channel."

The department is advised as to your rights in the matter, and whether the United States recommends that you sign the affidavit in question, and also request the views of the department as to whether the signing of such an affidavit would act as an effective waiver of the rights of your person or your estate by violence in Mexico.

You are informed that the department takes the position that the signing of such an affidavit by an American citizen would not annul the relations between him and the Government of the United States or cancel



Government to protect him in the enjoyment of those  
by the applicable rules and principles of interna-

the department must leave it to interested  
for themselves whether they will make the

date:

ALVEY A. ADEE.

### TESTIMONY OF C. H. RATHBONE.

Witness was duly sworn by the chairman.)

CHAIRMAN. You may state your name.

RATHBONE. C. H. Rathbone.

CHAIRMAN. Your residence?

Mr. RATHBONE. No. 120 Broadway, New York.

The CHAIRMAN. Your occupation?

Mr. RATHBONE. The oil business.

The CHAIRMAN. Mr. Rathbone are you connected with any company or with any business in the Republic of Mexico?

Mr. RATHBONE. Yes, sir.

The CHAIRMAN. What is that connection?

Mr. RATHBONE. The connection is with companies interested in the production of oil, transportation of oil, loading on to ships.

The CHAIRMAN. What are the names of the companies?

Mr. RATHBONE. The producing company is known as the Tal Vez Oil Co. The transportation company is the Tampico Naval Co. The terminal company is the Producers' Terminal Co. We only own one-half of that.

The CHAIRMAN. Where is the Tal Vez Co.'s stock held?

Mr. RATHBONE. It is held principally by a United States corporation, called the Southern Oil & Transport Corporation.

The CHAIRMAN. Where are the properties of these companies, or either of them, or all of them?

Mr. RATHBONE. In the Tampico oil region.

The CHAIRMAN. In Mexico?

Mr. RATHBONE. Yes, sir.

The CHAIRMAN. Does either of these companies own oil lands or real estate there?

Mr. RATHBONE. Senator, I should have mentioned the Scottish Mineral Oil Co. among those companies. It controls about 30,000 acres of leases, and the Scottish Mineral Oil Co. controls the Tal Vez Oil Co.—owns the majority of the stock.

The CHAIRMAN. You say their real estate holdings, through leases, are approximately 30,000 acres?

Mr. RATHBONE. Yes, sir. There are about 25,000 that is leased and about 5,000 acres in fee.

The CHAIRMAN. From whom was the title, or how was the title to the fee estate acquired—from the Mexican Government or from individuals?

Mr. RATHBONE. From individuals.

The CHAIRMAN. And the leases?

Mr. RATHBONE. The leases were taken along about 1910 from various owners of the lands.

The CHAIRMAN. Do you know how long those titles to those various owners dated back—or any of them?

husband, though a voter at the same place, did not receive any such circulars. They, or at least one of them, purports to have been issued by the League for Democratic Control, Room 79, 2 Park Square, Boston, Mass.

The CHAIRMAN. Are there any names by which they can be identified?

Mr. BEATY. That is as far as I can go in identifying it, except the "Mr. Badger Clark," whoever he may be. They are both very pronounced anti-intervention propaganda. That is all I know about it, what I have told you. I lay it before you.

Senator BRANDEGEE. Is there anything in it that is not fit for publication?

Mr. BEATY. That might apply to all of it.

Mr. BRANDEGEE. I notice you did not read it. I did not know but you were afraid we would be shocked by it.

Mr. BEATY. No; I don't think there is anything that would be shocking. It is an appeal to the women of the country to have their men put on the white feather.

(The leaflets referred to, entitled "Mexico, a Parting of the Ways," and "Mexico and Mr. Gompers," will be found printed in full in "Beatty, Appendix B," at the close of this day's proceedings.)

The CHAIRMAN. You spoke of having seen a letter of the department concerning its affidavit required by the Mexican authorities to be signed by those desiring to go into the Tampico district in Mexico. Examine this and see if that is the letter you referred to. I am requested to keep the name of the party to whom it is addressed out of the record.

Mr. BEATY. Yes; that is the letter that I had in mind, that I saw yesterday.

The CHAIRMAN. That will be filed and printed in the record. The reporter will keep the name of the party to whom it is addressed out of the record.

(The letter referred to is here copied in the record in full as follows:)

DEPARTMENT OF STATE,  
Washington.

SIR: The department acknowledges the receipt of your letter of — date, in which you state that as an American citizen engaged in business in the oil fields south of Tampico, Mexico, you hold an American passport, issued by the American consul in Tampico, and that on applying to the Mexican consulate in New York to have this passport visaed, in order that you may resume your occupation in Mexico, you were required, as a condition precedent to such visa, to sign the following affidavit:

"The undersigned, under oath, deposes and says that he has been warned that the Tampico oil region is a dangerous district on account of the activities of bandits operating in said region. That deponent, by reason of his business as employee, is on his way to that region, and travels at his own risk. That in case some accident might happen to him, hereby he formally renounces the right that he or his heirs might have, to present a claim to the Mexican Government, either directly or through any other channel."

You ask to be advised as to your rights in the matter, and whether the Government of the United States recommends that you sign the affidavit in question. You also request the views of the department as to whether the making of this affidavit would act as an effective waiver of the rights of your heirs, in case of your decease by violence in Mexico.

In reply, you are informed that the department takes the position that the making of such an affidavit by an American citizen would not annul the relations existing between him and the Government of the United States or cancel

the obligation of the Government to protect him in the enjoyment of those rights to which he is entitled by the applicable rules and principles of international law.

Having assumed this attitude, the department must leave it to interested American citizens to determine for themselves whether they will make the affidavit in question.

For the Secretary of State:

ALVEY A. ADEE.

### TESTIMONY OF C. H. RATHBONE.

(The witness was duly sworn by the chairman.)

The CHAIRMAN. You may state your name.

Mr. RATHBONE. C. H. Rathbone.

The CHAIRMAN. Your residence?

Mr. RATHBONE. No. 120 Broadway, New York.

The CHAIRMAN. Your occupation?

Mr. RATHBONE. The oil business.

The CHAIRMAN. Mr. Rathbone are you connected with any company or with any business in the Republic of Mexico?

Mr. RATHBONE. Yes, sir.

The CHAIRMAN. What is that connection?

Mr. RATHBONE. The connection is with companies interested in the production of oil, transportation of oil, loading on to ships.

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Mr. RATHBONE. Yes, sir.

The CHAIRMAN. Does either of these companies own oil lands or real estate there?

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The CHAIRMAN. You say their real estate holdings, through leases, are approximately 30,000 acres?

Mr. RATHBONE. Yes, sir. There are about 25,000 that is leased and about 5,000 acres in fee.

The CHAIRMAN. From whom was the title, or how was the title to the fee estate acquired—from the Mexican Government or from individuals?

Mr. RATHBONE. From individuals.

The CHAIRMAN. And the leases?

Mr. RATHBONE. The leases were taken along about 1910 from various owners of the lands.

The CHAIRMAN. Do you know how long those titles to those various owners dated back—or any of them?

Mr. RATHBONE. I could not state that, but I think for a number of years. I have reason to believe that nearly all of them date back for a number of years, because they were owned by old residents. They owned them certainly for nine years that we know of.

The CHAIRMAN. Have you had any difficulty with the Mexican Government or its officials concerning the handling or working of your properties?

Mr. RATHBONE. We have this: That there was a permit asked for to drill upon one of our properties by a Mexican citizen. That was along in December of 1918. As soon as we were advised of the application for a permit we had our attorney in Mexico to enter a protest to the department of commerce and labor, from which the permits are granted. That was finally decided against us, and then we entered an amparo against the act of the department.

The CHAIRMAN. An amparo proceeding corresponds more nearly to an injunction under our law?

Mr. RATHBONE. Yes; more or less like an injunction. We had our attorney enter an amparo against the department of commerce and labor in granting that permit. That was decided against us, some time along about the 1st of August, this year, for the reason that we did not comply with the Mexican laws or decrees, and that the party applying for the permit had taken out the denouncement and the permit to drill. Of course, we did not do that.

The CHAIRMAN. You say the Mexican laws and decrees. What laws do you mean?

Mr. RATHBONE. I am speaking now of the decrees of July and August, 1918.

The CHAIRMAN. And not the acts of Congress, but the mere decree of the President?

Mr. RATHBONE. Yes, sir. After this amparo was decided against us, our attorney made an appeal from the district court in Mexico City to the supreme court, asking for a revision. On that there has never been any action taken as yet.

The CHAIRMAN. Were any representations made by your companies, or either of them, to our State Department here, with reference to the actions of the Mexican Government and officials?

Mr. RATHBONE. Yes, sir; I have made some representations, and when I have done so I advised them of the fact that the Scottish Mineral Oil Co. is a British corporation, but the reason that I appealed to our own State Department was that the stock of the British corporation is owned almost entirely by American citizens. Therefore, I appealed to them. We have also kept advised the British interests. We have given them a full statement of our case from the time the lease was taken in 1910 up to the time it was jumped, and now they have brought in a well on it that they claim is bringing in 30,000 barrels, and they are drilling another well.

They appealed to the manager, or went to the manager, of our transportation company at Tampico soon after the well came in, and wanted to arrange for the transportation of the oil. Of course, we could not do that. The State Department and the British Embassy have both been advised of the bringing in of the well and the action that we had taken. They have copies of the whole proceedings from the time we took the lease in 1910 up to the present time, and also a copy of the decision against us.

The CHAIRMAN. What action, if any, has been taken by our State Department, if you know, with reference to this case?

Mr. RATHBONE. I have had three or four communications with them. I have received that many replies. I have received replies acknowledging receipt of the memorandum of the history of our case from the time the lease was taken down to now; I have acknowledgment of the decision—a certified copy of the decision that was rendered against us by the district court; I also have letters of acknowledgment of the same from the British Embassy—of those two documents.

The CHAIRMAN. Has the American State Department notified you of what action they took, if any, in the premises?

Mr. RATHBONE. The last letter which I received, which was an acknowledgment of the certified copy of the decision rendered against us, advised us that they had taken it up with their embassy in Mexico by telegram, asking them, in effect, to advise the Mexican Government that they would not expect any injustice to be done to us. In effect. I can give you a copy of the letter if you care for it.

The CHAIRMAN. We would be glad to have you file a copy of the letter with the committee.

Mr. RATHBONE. I shall be pleased to have the copies—would you like a copy of the letter to the British Embassy?

The CHAIRMAN. We would like a copy of the letter to the British Embassy; yes.

Mr. RATHBONE. Both of them.

The CHAIRMAN. Did the British Embassy take any action in the matter?

Mr. RATHBONE. Yes; they advised use that they had taken it up with His Majesty's Government, and that when the time came to act we could feel sure that they would interest themselves in it.

The CHAIRMAN. Has the British Government an ambassador, that is, a minister in Mexico, at the present time?

Mr. RATHBONE. They have not; they have not an ambassador now, because they have never recognized Carranza; but they have a man there by the name of Cummins, who, in a way, represents them as far as he can.

The CHAIRMAN. Is he the man recently reported to have been ordered out of the Republic by Carranza?

Mr. RATHBONE. Yes, sir. Had the "thirty-three" applied to him.

The CHAIRMAN. By having "thirty-three" applied you mean the provisions of article 33 of the constitution were applied?

Mr. RATHBONE. That is the idea exactly.

The CHAIRMAN. Have you a copy of that letter from the embassy?

Mr. RATHBONE. I haven't it with me, Senator, but I will forward it to you. I will go back probably to-night and I will forward it to you. You would like the communications we had with the State Department?

The CHAIRMAN. Yes, sir; all those communications.

Mr. RATHBONE. I should be pleased. I did not bring them with me at this time, because I did not know you would care for them.

The CHAIRMAN. I have no doubt that our State Department will furnish this committee with copies of such correspondence. They have been requested by the committee.

Mr. RATHBONE. Well, I should be glad to furnish them anyway.

The CHAIRMAN. As yet we have not received them. We have every reason to believe that they will be received, of course.

Mr. RATHBONE. Yes. I have a copy here, Senator, of the documents that have gone into the British Embassy and our State Department.

The CHAIRMAN. They should be filed with the committee.

Mr. RATHBONE. I should be glad to give this to you. I brought this for that purpose.

The CHAIRMAN. Very well, sir.

Mr. RATHBONE. It gives a history of our case right down through the present time.

(The data mentioned is printed in full in "Rathbone, Appendix C," at the end of to-day's proceedings.)

The CHAIRMAN. Your companies or some of them, were interested in the Tampico Navigation Co.?

Mr. RATHBONE. Yes, sir; that is one of our subsidiaries. We own a very large control in that.

The CHAIRMAN. Have you had any difficulty at any time with any of the Mexican officials or those who claim to be officials of the Mexican Government, either military or civil, as to the property of that company?

Mr. RATHBONE. Well, back along in 1914, and in advance of that, or, we will say, a year, we were operating a plantation about 100 miles from Tampico upon which we had about 1,000 acres out in cane; a beautiful irrigation plant.

The CHAIRMAN. You mean sugar cane?

Mr. RATHBONE. Yes, sir; sugar cane. We have not put up a sugar mill yet but we are making alcohol and making it a profitable business. They commenced to come there, different bands at different times. We were isolated and they would make demand for provisions from the stores, they would turn their horses into the cane, call for money, and after paying them—I would not attempt to say how much, but it was a great many thousand pesos, in amounts from time to time extending, we will say, over a year, and their demands then were getting so great that we could not keep up with them and advised them so, and when we did that they burned a great deal of the cane and burned some of the stills, creating great destruction there, drove our men off. We had about fifty families there and that place has been abandoned since then.

The CHAIRMAN. Under whose command were these forces, if you know?

Mr. RATHBONE. There were different bands. While I was not on the ground myself, they were represented to us to be—one band in particular who said they were operating under Candido Aguilar; another one claimed they were operating under the direction of Pedro Rodriguez. He was quite a factor there at one time. And this was after Carranza had control—that is, he was the biggest factor down there at that time.

The CHAIRMAN. Candido Aguilar was one of the Carranza military leaders?

Mr. RATHBONE. Yes, sir; I understand his son-in-law.

The CHAIRMAN. Son-in-law?

Mr. RATHBONE. I understand a son-in-law of Carranza.

That plantation to-day is abandoned.

The CHAIRMAN. Have you ever received remuneration from anyone for the damage done?

Mr. RATHBONE. No, sir. There was an accounting of it put in, and even before the destruction occurred there were representations made to the State Department of the losses that were being sustained and a valuation, I believe, put upon it.

The CHAIRMAN. I notice from the reports in the press that some Mexican commission is considering claims of damage of that kind.

Mr. RATHBONE. Yes, sir.

The CHAIRMAN. Do you know anything about that?

Mr. RATHBONE. No, sir; nothing only what I have seen in the press.

The CHAIRMAN. But your claim has been filed?

Mr. RATHBONE. The president of that company, I understand, filed a claim way along in 1914, but before that he had placed a valuation upon it and filed it with the American consul, I think in Tampico, as all were asked to do at one time along about 1913.

The CHAIRMAN. Would your company have any objection to this committee acquiring the papers in that case representing your claim for damages?

Mr. RATHBONE. I should be very glad to see if I can not get them for you. They are in Tampico, but I think I can get them for you.

The CHAIRMAN. The reason for asking the question is that it has been suggested to the committee by a representative of the State Department that possibly some Americans might not desire to have this committee have possession of the papers concerning their claims, for one reason or another. I did not know that there was any—

Mr. RATHBONE. I am not an officer of that company, but I think I can get them.

The CHAIRMAN. They did not mention any company.

Mr. RATHBONE. I think I can get them from the Tampico Navigation Co., and get the valuation that was placed upon the property before the destruction took place, when it looked imminent it was going to take place.

The CHAIRMAN. We were instructed by the Senate to look into matters of that kind. That is one of the subjects of our investigation, and we will get all we can on it. Very likely we will be furnished with any evidence there is in the State Department files, and certainly will be unless the individuals who filed it object to it being given.

Mr. RATHBONE. I see no reason why there should be any objection to it. I will speak to the president of that company about it. I am not an officer of the Tampico Navigation Co., but I am in the other companies.

The CHAIRMAN. Is there any other statement, Mr. Rathbone, you care to make concerning this matter? If so, please do so, otherwise I know of nothing further.

Mr. RATHBONE. The only thing that I would like to state myself, directly, is that I am interested in a ranch that we have owned now for about 12 years of about 25,000 acres. It was a cattle ranch,

and we found that it was very adaptable to the raising of henequin, which is a fiber, the same as they raise in Yucatan, so we got several hundred acres of it put out.

The CHAIRMAN. When was this?

Mr. RATHBONE. This was up to about five years ago.

The CHAIRMAN. About 1914?

Mr. RATHBONE. Yes; along about 1914.

The CHAIRMAN. Where is the ranch?

Mr. RATHBONE. It is near Victoria, the capital of the State of Tamaulipas. It contains about 25,000 acres, and it is a cattle ranch. We had about a thousand head of cattle on there and a great many saddle horses. They came in there first—I don't know what band it was. It was a band, but I don't know who they claimed to be under. But anyway they were bandits. They came there and took ever saddle horse we had. We had 34 of them; took them off the ranch with all the saddles we had. And the result of that is that cattle go wild if they don't have men riding around amongst them. So the cattle have all gone wild. They go in there occasionally and round up a few of them and help themselves. So that is a wreck.

The CHAIRMAN. Have you been able to round up cattle and sell them at all?

Mr. RATHBONE. No, sir; very few. On the start, soon after our horses were all taken, they did catch at the corral when the water was low—they had to come there for water—they did catch some of them. but aside from that it was a total loss.

The CHAIRMAN. What became of your henequin experiment?

Mr. RATHBONE. Well, we can not get in there to take care of it, cut it, and put in a mill. We don't dare to put in a mill. And the manager, who was an American, could not stay there. He had to go into Texas. He is over there yet and is paying the taxes through a Mexican, one who he could depend on. But the thing is a wreck. The house, which was a stone house, is a battered, old, leaky thing, now, and the roof ready to cave in, and our manager had to get out of there. He was threatened.

I think that is about as far as I can go.

The CHAIRMAN. How far is this ranch from the capital of Tamaulipas?

Mr. RATHBONE. It is about 25 miles from the capital of the State of Tamaulipas, Victoria.

The CHAIRMAN. Do you find your Mexican employees, who were under your American foreman loyal to your interests?

Mr. RATHBONE. Some of them, yes; but after we lost our horses we had to let most of them go. There were two of them and their families allowed to live there, and we provide for them, and one of them goes over into Texas to see him occasionally and make a report; goes over there twice a year, or something like that, and they are holding possession of the property.

The CHAIRMAN. Do you want to ask him anything?

Senator BRANDEGEE. No.

The CHAIRMAN. That is all, Mr. Rathbone. We are very much obliged to you, sir.

Mr. RATHBONE. Thank you.

The CHAIRMAN. You will send us those letters?



Mr. RATHBONE. I will surely do that.  
(The witness was excused.)

The CHAIRMAN. I think that is all the testimony we will take to-day. The subcommittee will stand adjourned until 11 o'clock to-morrow morning.

(Thereupon the subcommittee adjourned until to-morrow, Saturday, September 20, 1919, at 11 o'clock a. m.)

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TUPPER APPENDIX A.

INTERNATIONAL PEACE FORUM,  
*New York, July 20, 1912.*

REV. HENRY ALLEN TUPPER, D. D., LL. D.,  
*Brooklyn, N. Y.*

MY DEAR DR. TUPPER: I have the pleasure to inform you that you have been appointed one of the honorary vice presidents of the International Peace Forum and special peace commissioner. We are assured that you will honor these positions, and by your diplomatic wisdom, with the hearty cooperation of the International Peace Forum, bring about much good through your endeavors. We are very much interested in the efforts that you are making for the restoration of peaceful conditions in the Republic of Mexico, and I assure you, my dear doctor, that our forum will do all in its power to aid you in this blessed service.

Sincerely, yours,

JOHN WESLEY HILL, *President.*

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DEPARTMENT OF STATE,  
*Washington, May 14, 1913.*

MR. HENRY ALLEN TUPPER,  
*1904 Ross Avenue, Dallas, Tex.*

(Care of Dr. F. S. Davis).

SIR: I beg to acknowledge the receipt of your letter of April 24, from New York, and to express my interest in the efforts you are making in behalf of peace in Mexico.

I am, sir, your obedient servant,

W. J. BRYAN.

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EAGLE PASS, TEX., *August 27, 1913.*

DR. HENRY ALLEN TUPPER,  
*International Club*

(Care Capt. Armstrong):

We are informed with great satisfaction that you have taken the first steps in your efforts toward the realization of our ideals.

We thank you most sincerely and beg to congratulate you for helping the interests of the constitutionalists, as in doing so you are defending the fundamental principles of freedom and democracy in America.

(Signed by 20 Mexican Constitutionalists.)

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GEN. CARRANZA'S STATEMENT.

NOGALES, SONORA, *November 2, 1913.*<sup>1</sup>

DR. HENRY ALLEN TUPPER.

MY DEAR SIR: According to your wishes, expressed in conversation with myself, to ascertain the purposes of the Constitutionalist Party, I shall answer in a few words the questions by which you have made your request. To the first question, what are the purposes and ideals of the Constitutionalists, I answer: To continue this armed struggle until the so-called government of Huerta is ousted, as the reestablishment of peace in Mexico is not possible until one of the two parties opposing each other in this struggle is annihilated—the party of retrogression, headed by Huerta, or the Progressive and Reform Party, which I represent as commander in chief of the Constitutionalist Party.

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<sup>1</sup>Original Spanish dated "Hermosillo, Son, October 31, 1913."

The ideals of our party, once obtaining triumph, are to establish all the political and economical reforms which the country needs for the betterment and welfare of all classes of society, reforms which will assure a lasting and firm peace.

To the second question, what success have the purposes of the Constitution-  
alists on the battle field and among the people of the Republic, I answer: My purposes are being fulfilled on the battle field due to the support that the nation is giving to our cause, as has been demonstrated by the constant triumphs, especially the last ones, that are known to all the nation, notwithstanding the steps constantly taken by Huerta to prevent the truth from becoming known, which has contributed to his final discredit.

The third question, as to the future purposes of the Constitutionalists when they shall have triumphed, is already answered in the first.

To the fourth question, as to the attitude and action that the Constitution-  
alists wish from the United States, and the necessary results that would follow such action, I reply: The Constitutionalists wish that the Government of the United States would change the conduct that has been followed toward us up to this time, and that it would permit the free importation of arms and ammunition by us and by the Huerta régime, also, if the Government desires. This would soon terminate the struggle. By not doing this the war will prolong itself, as we shall be obliged to arm and equip our men as we have been doing in the past, that is by capturing from the Huerta forces artillery, arms, and ammunition, with which we shall continue to give them battle and defeat them, until the final and definite triumph of our forces, which triumph is already conceded by the world.

VENUSTIANO CARRANZA,

*Commander in Chief of the Constitutionalist Army.*

The Constitutionalists not having had any official correspondence with the United States Government, this statement was given to Dr. Tupper with the knowledge that it would be transmitted to Secretary Bryan, and as a final and official declaration of their position.

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#### PEACE RESOLUTIONS.

EL PASO CHAMBER OF COMMERCE.

*El Paso, Tex.*

We, as citizens of El Paso, Tex., representing the business interests of the largest city of the Mexican border, assembled on May 29, 1913.

*Resolved*, That our appreciation and congratulations be extended to Dr. Henry Allen Tupper, the special peace commissioner of the International Peace Forum for the work he has accomplished and is accomplishing looking toward peace in Mexico.

Second. That we heartily indorse the forceful suggestions offered by Dr. Tupper in reference to the Mexican situation.

Third. That we respectfully suggest that the commissioner, Dr. Tupper, present these views as promptly as possible to the leaders in Mexico and to President Wilson and Secretary Bryan, of Washington.

Fourth. That, as Dr. Tupper has suggested, it is preferable for the initiative in this movement to be taken by the leaders in Mexico, but as an acute crisis has been reached, it is our opinion that the United States Government should wisely and firmly act in this matter rather than have a prolongation of this terrible and increasingly destructive struggle.

Fifth. That we express the hope that Dr. Tupper will continue his good work and diplomatic services until the desired end is reached; and because of our self-interest and interest in humanity we desire to assure him of our special sympathetic cooperation in his splendid services as special peace commissioner of the International Peace Forum.

Sixth. That copies of these resolutions be sent to the leaders of the Federalists and Constitutionalists in Mexico, and to President Wilson and Secretary Bryan at Washington.

V. R. STILES, *President.*

A. W. REEVES, *Secretary.*

SALTILLO, COAH, *June 22, 1914.*

HENRY ALLEN TUPPER,  
*Hotel Santa Rita, Tucson, Ariz.:*

Your appreciated message of the 19th received. You will please come here, where I will have the pleasure of saluting you.

V. CARRANZA.

BALTIMORE, *April 25, 1913.*

DR. HENRY ALLEN TUPPER,  
*1904 Ross Avenue, Dallas, Tex.*  
 (Care of Dr. Frank S. Davis.)

MY DEAR DR. TUPPER: I beg to acknowledge the receipt of your esteemed favor of the 24th instant, and I assure you that I regret very much, owing to your hurried call from New York, I will not have the pleasure of seeing you, and this especially on account of the letter which you have inclosed from Mr. Gould. I trust that your mission will meet with success, and that through your kind and wise mediation peace may be restored.

Most faithfully, yours,

J. CARD. GIBBONS,  
*Archbishop of Baltimore.*

INTERNATIONAL PEACE FORUM.  
*New York City, February 6, 1914.*

MY DEAR MR. TUPPER: As you are leaving us again to-morrow, on your fifth trip to Mexico, as our special peace commissioner, I want to say a few words of appreciation of your work before you go, as I may not see you in the morning.

I know I am speaking for all the officers when I say that one and all appreciate the ability, the tact, and careful diplomacy with which you have conducted your work as our special peace commissioner in the interest of bringing about a speedy settlement of the difficulties in Mexico. Your care in getting definite details from both sides, your willingness to face difficulty and even personal danger in consulting with both sides, the esteem with which both parties in the conflict have held you, as shown by their desire to have you with them in their campaigns, have indicated to us the openmindedness with which you have set about your task.

I am writing personally, as secretary, of course, but as I have talked with the other officers I know that I can say as much as I have for them all. Let me add just this one word further for myself, and that is that it rejoices me to know from the letters you have had from Senators and Congressmen in Washington, as well as from the leaders of the forces in Mexico, that your work for international peace has been recognized so fully and so freely, and I feel that you have conferred distinguished honor upon our International Peace Forum by representing us in the field.

Trusting that on this trip you will be able by your efforts to bring about an honorable and lasting peace with Mexico, I remain, with all good wishes for your success and the success of our mutual work,

Yours, very cordially,

WILLIAM CARTER.

DR. HENRY ALLEN TUPPER,  
*34 Gramercy Park, New York City.*

EL PASO, TEX., *April 3, 1914.*

HON. DR. HENRY ALLEN TUPPER,  
*Commissioner International Peace Forum, El Paso, Tex.*

MY DEAR DOCTOR AND KIND FRIEND: Before you leave this city I take special pleasure in expressing my everlasting sense of gratitude to you for all the kind offices you have rendered on behalf of my son's life and liberty.

You have certainly been commissioned by a higher power than that of this world, fitting you as the essence of a true humanitarian. Your services, more than anything else, are living proof of the value of the International Peace Forum, which you so ably represent, and which is at this time headed by no less eminent a statesman and personality than Hon. William H. Taft, ex-President of the United States.

Please bear in mind, my dear friend, that I will ever harbor the deepest sense of gratitude to you, joined by all my family and friends, and I wish you to do me the kindness to convey my deep and sincere feeling of gratitude to the noble institution that you so ably represent, and specially to present to Hon. Woodrow Wilson, Hon. William H. Taft, and Hon. William J. Bryan my deepest sense of gratitude for the kindness they have extended to me and to my family on behalf of my son's life and the restoration of his liberty.

Wishing you the highest measure of success in all that you undertake, believe,

Very sincerely, yours,

LUIS TERRAZAS.

NEW YORK CITY, *August 19, 1914.*

HON. WILLIAM JENNINGS BRYAN,  
*Secretary of State, Washington, D. C.*

MY DEAR MR. SECRETARY: In response to your request of last Sunday, I am writing you in reference to my pleasant relationship with Gen. Carranza. On my return to New York from Washington I found in my mail a letter from Gen. Carranza, which I herewith inclose, and a translation of which is as follows:

[Private correspondence of the first chief of the Constitutionalist Army.]

SALTILLO, *August 4, 1914.*

DR. HENRY ALLEN TUPPER,  
*34 Gramercy Park, New York City.*

MY ESTEEMED AND FINE FRIEND: I beg to refer to your favor of July 22, which I read with attention, and beg to advise you that it would cause me positive pleasure to be able to shake your hand in the capital of the Republic after our cause has triumphed, which I hope will not now be long delayed, taking into consideration the precipitation of the latest happenings and the general situation markedly favorable which protects our country.

As you will know from the press, I have determined to only accept the unconditional surrender of the ex-federal elements which Huerta left behind, because this is the wish of all the revolutionists, and also because it is the only way to consolidate peace and assure the durable and well being of Mexico, as well as its enlargement, as in any other way it would not be possible to realize the ends of the constitutional movement, which are nothing more than the desires which have been so often ridiculed by the reactionary party, to whom after the struggle an unjustified compassion was granted, which we will deny to it now.

With all sincerity I esteem the benevolent reception of distinction that you and your very esteemed family have given to the small gifts which I was permitted to make to you, and I am glad to be able to express to you that this obliges my recognition toward the kindnesses which you showed me.

I salute you affectionately, and wishing you all manner of good things, I am your friend and attentive servant,

V. CARRANZA.

The same cordial spirit manifested in this letter has been shown me during my six visits to him since the death of President Madero; and "the small gifts" mentioned in his letter referred to exquisitely beautiful watches one of which I showed you, presented to my daughter and to me on July 9, last. On more than one occasion, Gen. Carranza and his minister intimated that they would be pleased to show their appreciation of my services in a material manner, but from them, nor from the International Peace Forum, nor from any other source have I accepted any remuneration directly or indirectly for my mission of mercy in Mexico, except the graceful gifts referred to. As you well know, Mr. Secretary, I have taken a deep interest in the position and progress of the Constitutional Party in Mexico; and as Gen. Carranza enters Mexico City I feel assured that my hopes and prophecies are partly, at least being fulfilled. But peace must bring its victories as well as war; and at this time grave responsibilities as well as great opportunities confront Gen. Carranza and his people. If approached wisely and tactfully I am convinced that the new administration in Mexico will be the grateful recipient of outside influences honestly and unselfishly exerted, which may aid in the solution of the

social and economic problems that now must be intelligently met, if there is to be stability and permanency in the Government.

Having affirmed faith in the final triumph of the Constitutionallists under Gen. Carranza, I have tried to anticipate the difficulties that would inevitably face the victors in their efforts to merge their ideals and purposes into concrete results; and it has been my hope that at the proper time I should be able to aid these people of excellent possibilities in the struggle toward a better era in their national life. Such important matters as the agrarian and school systems I have repeatedly discussed with the leaders of the Constitutionallists and his associates; and it has been a real pleasure to learn their desires and purposes and to seek to learn, but practical plans and methods were barely suited for the unique conditions in Mexico. I am far from being satisfied with any conclusions that I have been inclined to reach on these significant questions; but now that my commission as peace commissioner is ended, and my service as given me of friendly acquaintance with the leading man in Mexico and an insight into the Mexican state of affairs, the thought comes to me that I may continue my work in a larger and more effective sphere.

Since March, 1913, it has been my pleasure and privilege noiselessly and independently to strengthen, as far as I could, the Mexican policies of the administration at Washington, because I regarded them without exception to be wise and strong; but as my mission was largely on my own initiative and was purely of a philanthropic character, I preferred to labor individually presenting informal reports to Washington now and then, and, directed only by the good wishes of a few gentlemen of the International Peace Forum and my own sense of propriety. In response to invitations given me both verbally and by letter from Gen. Carranza, it is my purpose to confer with him and his ministers on or before September; and it may not be presumptuous for me to hope that my next association with this remarkable man will be made more potent and more fruitful because of my experiences in the past and because of my helpful connections in the future. May I be allowed, Mr. Secretary, in conclusion, to congratulate you, and our President through you, on the masterly manner in which all of our internal questions and international problems have been met by the Democratic administration at Washington.

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[Correspondencia Particular Del Primer Jefe Del Ejercito Constitucionalista.]

AGUA PRIETA, SON., *March 11, 1914.*

DR. HENRY ALLEN TUPPER,  
*Douglas, Ariz.*

MY ESTEEMED MR. AND FRIEND: I take occasion to thank you for meeting you in this neighboring city, and to present my gratefulness for the work you have seen fit to do in the matter of conferences, newspaper interviews, other articles, and reviews, which you have been good enough to carry to the towns of the United States in favor of the Constitutionalist cause, which I represent as first chief of the army.

Reiterating to you my gratefulness and hoping, as to-day, that you will continue your animated work, with your well-known spirit of justice, in the favor of causes of liberty and justice of the masses.

I am, .

V. CARRANZA.

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INTERNATIONAL PEACE FORUM,  
*June 1, 1914.*

REV. HENRY ALLEN TUPPER, D. D., LL. D.,  
*34 Gramercy Park, New York City.*

MY DEAR DR. TUPPER: I very much regret my inability, before leaving for the West on my lecture tour, to have a conference with you concerning the Mexican situation, in which I am, like yourself, so intensely interested.

As the executive vice president of the International Peace Forum, I desire in my own behalf and in behalf of my colleagues to express sincere appreciation for splendid services you have rendered, as our representative, to Mexico and the world in the last two years in your efforts to bring about peace in our neighboring Republic.

I recognize the fact that you have received no compensation for your great work except the consciousness of duty done, as now your hopes, as well

as ours, are being realized as to the final success of the Constitutionalists. As our institution is a benevolent institution, and I have received little or nothing for my services, I can fully sympathize with you from financial as well as other points of view.

As I will not be able to see you before you start for Torreon to accompany President Carranza, as I trust, in his successful endeavor to reach Mexico City, I wish to assure you again, as I have frequently done in the past, that I am deeply interested in the continued success of your mission for peace, and especially interested, having been an educator in the public schools and colleges for so many years, in the proposal of yourself as well as President Carranza, after the Constitutionalist Government has been set up, to establish and organize an educational system, the benefits of which are to be shared by all of the Mexican people.

I bid you Godspeed as you go from us, and shall with interest watch the reports of the press that speak of the speedy triumph of those who stand for the rights of the common people.

Sincerely, yours,

W. A. HUNSBERGER,  
*Executive Vice President.*

UNITED STATES SENATE,  
May 16, 1914.

MY DEAR SIR: I am in receipt of your letter of May 15, which I have read with great interest and appreciation. I have long been aware of the peculiar qualifications of Dr. Henry Allen Tupper as a peace envoy, and it has afforded me great pleasure to have frequent conferences with him regarding the Mexican situation. I agree with you entirely in your estimate of his splendid work in dealing with the Mexican problem, and I have on more than one occasion commended him to the President and to the Secretary of State. I shall be glad to avail myself of any further opportunity along this line, and I am this day sending your letter to the Secretary of State and also a copy of it to the President, stating that I would be especially pleased if Dr. Tupper's services could be utilized either now or at some later date in adjusting the Mexican controversy.

Yours, very truly,

MORRIS SHEPPARD.

DR. JOHN WESLEY HILL,  
*President International Peace Forum, New York, N. Y.*

DOUGLAS, RUFFIN & OBEAR,  
ATTORNEYS AND COUNSELLORS AT LAW,  
Washington, D. C., October 30, 1915.

DR. HENRY ALLEN TUPPER,  
*New York City.*

MY DEAR DOCTOR: It seems to me that it is in order to exchange with you felicitations over the signal victory won in the recognition of Gen. Carranza by the United States and the other leading American countries. Of course, this was a fight not only to obtain the recognition of the United States but of all the other Governments of the world. I know from reliable sources that within a few days—certainly within a few weeks—we will have for the Constitutionalist Government the recognition of the leading countries of Europe. It is impossible to exaggerate the importance and far-reaching character of the victory won.

While we are rejoicing over the results of our joint labors I deem it timely and proper to express to you my appraisal and appreciation of the important part you played in this great fight.

For more than two years you have been preparing the way, by assisting significantly in educating the American mind favorably toward Carranza and the Constitutionalists' cause by your splendid talks on the platform, and, since I have been in intimate personal relations with you in this great fight—commencing in the early spring of this year—I have seen, known, and felt and appreciated the value and effectiveness of your service, and it will be difficult for me to exaggerate it.

I shall at the proper time give to Gen. Carranza my estimate of the character and value of your work. I trust that out of this victory will come some mate-

rial benefit to you in one way or another. You richly deserve what I am sure you have, the confidence and friendship of Gen. Carranza and his associates in authority in the Constitutional Government.

With assurances of my high personal esteem, I am,  
Very sincerely, yours,

CHARLES A. DOUGLAS.

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INTERNATIONAL PEACE FORUM,  
April 27, 1915.

MY DEAR DR. TUPPER: I was profoundly interested in the plan which you discussed with me last evening concerning the establishment of peace and order in Mexico. I know of no man more conversant with the situation in that country than you, and this is for the reason that you have represented the International Peace Forum among the various factions of Mexico in earnest and sincere effort to bring about conciliation and secure the establishment of orderly and constitutional government.

I likewise appreciate the sacrifices which you have made in the prosecution of your mission, at times even to the jeopardy of your life, and I beg to congratulate you upon the faithful service which you have rendered and upon your safe return home.

I believe that you have the right grasp upon the situation and that something must be done along the lines of your suggestions at once or conditions may develop which will be beyond the power of this Nation to remedy.

I hope, therefore, that you will be able to enlist the interest and cooperation of men who have the real interest of Mexico at heart and whose judgment may be depended upon at such a time as this.

As the special representative of the forum in this work, I wish you the success the important cause deserves and to which your careful thought, unabated efforts, and deep sympathy merit.

With warm regard,  
Sincerely, yours,

JOHN WESLEY HILL, *President.*

DR. HENRY ALLEN TUPPER,  
*Special Peace Commissioner, International Peace Forum,  
New York City.*

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[Telegram.]

QUERETARO, MEXICO, January 8, 1917.

HENRY ALLEN TUPPER,  
*Care Mexican Embassy, Washington:*

I thank you for contents of cable of December 30. Greeting.

V. CARRANZA.

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[Telegram.]

QUERETARO, MEXICO, March 14.

HENRY ALLEN TUPPER,  
*New York, N. Y.:*

I sincerely thank you for friendly manifestation in message dated 10th.

V. CARRANZA.

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Dr. Henry Allen Tupper, commissioner of the International Peace Forum, is just in receipt of the following significant communication from Gen. Venustiano Carranza:

[Correspondencia particular del primar jefe del Ejercito Constitucionalists.]

CIUDAD JUAREZ, Chihuahua, April 3, 1914.

DR. HENRY ALLEN TUPPER,  
*El Paso, Tex.*

MY DEAR SIR: I have read with much interest the letter of Senator Sheppard, which you were so kind as to forward to me on the — ultimo. In regard to the matters contained therein, I beg to state the following:

I possess a deep admiration for the American people and hold in great personal esteem President Woodrow Wilson and William Jennings Bryan, the Secretary

of State of the United States of America. I know that they are men of the very highest mentality, as well as moral and political aims, and for that reason I think that their friendship toward Mexico and the sympathy evidenced for the principles of the Mexican Constitutionals are not only sincere but entirely disinterested and are the result of the existing harmony between the aims of the cause which I have the honor to represent and the ideals of American democracy.

I possess such a high opinion and esteem of the political purposes and sagacity of the American Government and I am so well satisfied as to their loyal friendship toward Mexico that in spite of the great responsibility which is imposed upon me as the chief of a well-defined political party which reckons with the intellectual, moral, legal, and economic elements sufficiently to be considered a decisive factor in political matters not only of my own country but foreign countries as well, that I have experienced no inconsistency in dealing in an unofficial and expeditious way with all matters of an international character, which have been presented by the United States, and especially is this true because I deem it the duty of my party to afford that these relations be cordial and intimate with those who in good faith sympathize with our purposes and are in accord with our aims and ideals.

As long as I am at the head of the constitutionalist army or in any other office my policy will be to strive in such a way as to have our international obligations complied with and to have our relations with foreign Governments become more and more cordial, and especially with such countries as have their destiny linked with the political, economic, and commercial interests of Mexico.

I sincerely regret that incidents of an international character should have given origin to an interpretation not entirely in accordance with my real attitude as the chief of the constitutionalists. I have striven to place myself in the legitimate light deserved by the high aims of our party without overlooking the cordial suggestions which were offered me within the attitude just expressed, neither evading responsibility nor ignoring diplomatic custom and usage. In pursuance of this attitude all representations and matters called to our attention by the United States in an unofficial way have in the past received our prompt attention, and I assure you that hereafter the same attention will be given to all representations and matters presented to us through the United States in behalf of other nations in conformity with international, diplomatic usage and custom, notwithstanding the fact that we have always deemed it preferable to avoid responsibility being thrust upon the United States by other powers as the result of its attitude toward the political conditions now existing in the Republic of Mexico. In accordance with the views above expressed, I have repeatedly stated and now reiterate that I am at all times disposed to give attention, for instance, to foreign representations brought to my attention through the offices of American representatives, provided, of course, that we are notified that such mediation is at the request of such foreign power. I can conceive of no better evidence of the spirit of cordiality and friendship which we bear toward the United States than our willingness to receive unofficial representations and claims made by the United States Government in regard to all matters concerning its citizens within the Republic of Mexico. In this regard I must, however, call your attention to the fact that we could not, without sacrificing our hard-fought-for prestige, consider representations made through the good offices of the United States in behalf of foreigners unless we be previously informed that such mediation has been requested of the United States by the interested nation.

As I desire to reciprocate with the disinterested suggestions of Senator Morris Sheppard called to my attention through your kindness, I beg of you to advise him of the ideas hereinabove expressed, which ideas are the expression of our desire to harmonize national dignity with the cordial relations, which on account of our common interests and principles must exist between the American and Mexican people.

Assuring you of my pleasure in reiterating the above principles, I am  
Yours, very truly,

V. CARRANZA.

#### THE PROBLEM OF PEACE IN MEXICO.

[Henry Allen Tupper, D. D., LL. D., Special Peace Commissioner of the International Peace Forum.]

One of the most interesting, intricate, and impressive problems in the world is advancing, let us hope, toward a peaceful solution in Mexico. Restlessness



led to revolution, and revolution is moving, we trust, toward regeneration. The material and mental activities and chances that pervade all parts and peoples of this land, mark a new epoch in history; and the smoke of gunpowder must not blind our eyes, and the clash of men's passions and ambitions must not deafen our ears to the mighty movements of events. As never before, all classes of Mexicans are awakening and thinking; and this is the most hopeful sign of the dawning of a new morning out of the dense darkness of the past. No unbiased and intelligent student of history can fail to appreciate the present condition of the people; and accompanying this appreciation will be a sympathetic desire to lead them out of their distress and lift them up into a better life.

Here at our very door is placed at once a grave responsibility and a great opportunity. To neglect the one is an injustice to our neighbor; to neglect the other is a fatal folly against our best traditions and noblest ideals. An eloquent appeal for help comes to us across the Rio Grande; and this cry for aid is made more powerful and pathetic because it comes, not through formal action from the Federalists or Constitutionals, but is born of suffering and sorrow, and is borne by the unselfish love of universal brotherhood. Not armed intervention, but merciful mediation and cordial counsel must inspire both our attitude and activity. That the restoration of peace and prosperity and the promise of a stable government in Mexico necessitate the aid of her larger and stronger sister, is recognized by some of her most intelligent leaders, and is the firm conclusion reached by our wisest statesmen and philanthropists. This initiative in this fraternal movement should come from those who are to be the recipients of our benefactions; but if there should be a hesitation on their part, after due consideration of meritorious means and methods, proper approach in this all-important matter should promptly proceed from Washington. On other soils are growing the rich harvest of our planting, and surely the Rio Grande must not mark the line of our limitation of national and international service. Every country in the world is affected, directly or indirectly, by the troubles in Mexico; and the impression is universal that if there is to be a cessation of the civil strifes, America must use her potent offices of arbitration and mediation, because of a proximity to the war devastated land, and because of the unwritten laws of her relationship to the western hemisphere in reference to peoples across the seas. Further indifference to and inactivity in the sorrowful affairs of our sister republic to the south, may create most unfortunate complications; and a responsibility shirked and an opportunity lost may tell for ages upon the progress and prosperity of the western world.

During the last 25 years, since my first visit to Mexico, I have been greatly interested in the checkered experiences of our neighbor Republic; and since the exile of President Diaz I have followed closely the factions and forces at work among this restless people. For at least a year the International Peace Forum has taken an active and practical interest in the unfortunate affairs of Mexico, and from representative men in all the warring factions it has received expressions of gratitude and appreciation. In August, 1912, acting under orders as special peace commissioner of the International Peace Forum, I visited Juarez, and had several conferences with Gen. Pascual Orzco, jr., the rebel leader. I received from him a 3,000-word statement of his contention and declaration of terms of peace; and also he presented me a personal letter, in which he asked the Peace Forum to act as an intermediary. A report was made to the forum by me, and last fall and winter I kept in touch with the situation in Mexico. In January, 1913, Senor Pedro Lascrain, secretary of foreign affairs, Mexico, visited New York and was entertained by the forum. I had repeated conferences with him, and at the invitation of Senor Lascrain and others in Mexico City I left New York the first week in February for that city.

En route I heard of the fighting between Maderistas and forces under Felix Diaz, but news of the death of President Madero did not reach me until I arrived at El Paso. From there I proceeded to Chihuahua, where I remained three or four days, receiving advices through the American consul. I was entertained at the Foreign Club, and every kindness was shown me.

While in Chihuahua Gen. David de la Fuente, the rebel general, who had just received his commission as minister of communication from the Huerta government, invited me to go to Mexico City in a private car with his staff. Gen. Fuente, as minister of communication, had full charge of railways, telegraph, and extended to me every courtesy.

The train presented a unique appearance and consisted of working cars loaded with electricians, bridge builders, carpenters, and engineers; a military car filled with soldiers, and one Pullman car every seat of which was decorated with a Winchester repeating rifle. I was the only American on board, and Gen. Fuente and his associates having acquainted themselves with my object gave me all the information I desired.

It is well to keep in mind that there are three forces in Mexico—federals, rebels, and volunteers. The rebels and federals are fast uniting under Huerta's government; the volunteers are ardent followers of Madero, who have been in revolt since his death and are still contesting the Huerta government.

We were now on our way to Mexico City. After leaving Chihuahua there was no sign of volunteers until we reached a point 70 miles south. Then the workmen were kept busy repairing the burned bridges and telegraph wires. While in the mountains, miles away from any city, Gen. de la Fuente wanted to send a telegram to the governor of Chihuahua. There was no telegraph station within 25 miles.

The problem was solved by the electricians, who tapped a telegraph wire, brought it down to the ground, and established a crude sending station. A message was sent to Chihuahua. I then asked if it were possible for me to send a message to New York. I wrote these words: "Detained in Mexico: will return middle or latter part of March." When the message was shown to Gen. de la Fuente, he said, "Add something after 'detained,'" and suggested the words "swollen rivers." As there were no rivers within miles, I declined to write that, but added, "Detained by missing connections," and the message was promptly sent to New York via the governor's palace in Chihuahua.

Just before we reached Santa Rosalie we heard that the city was occupied by volunteers, who expected to give battle. Several miles outside of the town we were met by Col. Castro, who offered us help, if there was trouble. He had a force of 300 or 400 men, with a small body of cavalry and cannon.

As we left the train at Santa Rosalie I heard the popping of hundreds of guns and the whiz of bullets, several of which struck our train. At this point the general came to me and said: "Dr. Tupper, there is going to be a skirmish; I suggest that you return to the train." My reply, according to several of the officers, pleased the general and, I hope, made him my good friend for life. I said: "General, I am your guest, and with your consent, I will stand by your side."

The fight lasted for two or three hours. The volunteers were driven through the streets and out of the town. Gen. Castro's troops reinforced us, and cannon were placed on the hills overlooking the valleys. The skirmish, as Gen. de la Fuente called it, was of thrilling interest. I stood by the side of Gen. de la Fuente on a small plateau where the cannon were placed, surrounded by his lieutenants and officers of artillery who were directing the firing. The hills back of us were lined with the population of the city.

Through field glasses I watched the retreat of the volunteers. After the firing I requested the captain of artillery to allow me to carry back the shell of the first cannon I had ever seen fired in battle. His reply was that he would have it cleaned and sent to me at the train, with the captain's card. The shot that was fired was said to have killed five men. I have the shell at home, a very grim souvenir of the experience.

Although the bullets whizzed all around us and there were casualties on both sides no member of our immediate party was injured. We were about to start south again when Gen. de la Fuente received a telegram that proved to be very important to me. This called him to the Villa Humado, where Gen. Pascual Orozco was in camp. The purpose of the conference with the rebel leader was to find a possible way to bring about a coalition of the rebel and Federal forces.

The general spoke to me of this conference, and I saw that it was a great opportunity to lay before the leaders plans and suggestions of the peace forum. I asked to accompany the general, and he promised to do all he could to help me in the solution of the difficulties. The following morning at 3.30 we entered into council, which was to prove very important to the cause of peace.

When I was presented to Gen. Orozco, he asked: "Is this not the gentleman I met last August, to whom I gave a statement and a letter?" This was a very good introduction under the circumstances. The conference lasted from early morning until afternoon. Gen. Orozco insisted on several conditions before joining forces with the Federals:

First. That the soldiers of the rebellion and revolution be paid up to date.

Second. That a pension be established for the widows and children of those who had died in battle.

Third. An agrarian system by which the great masses of the poor would receive benefits from the land. This last was somewhat socialistic. It was such a plan as was put in effect in Russia in 1861, when freedom was given nearly 40,000,000 serfs and a land-tenure system established, by which many were given employment and property.

These contentions were recognized by Gen. de la Fuente as just, and, as he had the power, the terms were accepted. I had the honor of presenting to them the agrarian and educational system that we think will meet the present condition in Mexico, and made five of the seven suggestions regarding the land question that were agreed upon. At the conclusion I was asked to present a formal statement of my remarks.

From Villa Humado I proceeded north, and after a short conference in Chihuahua I returned to El Paso. In the latter place I had the good fortune of meeting R. Garcia Granados, president of the Mexican Peace Commission and secretary of the interior in the Huerta cabinet. Señor Granados gave me every assurance of his aid, and was very considerate in his treatment of the views of the peace forum on affairs in Mexico.

Gen. de la Fuente repeated his invitation to me to accompany him immediately to Mexico City, and offered to personally introduce me to Felix Diaz and Provincial President Huerta. However, as I was almost three weeks late in my engagements in New York, I was forced to decline.

I returned north, speaking in Texas, Louisiana, Alabama, and Georgia. At Augusta, Ga., I met ex-President Taft, who is honorary president of the forum, and made a report of my commission.

Our special purpose, after peace is restored, is to develop the schools of Mexico, and the plan suggested is to make a thorough revision of the system, from kindergartens to a great university at Mexico City.

Early in April, for the third time, a special peace commissioner of the International Peace Forum, I left New York for Mexico, having accepted invitations to lecture in the interest of the work of the forum in the South and Southwest. In honor of the International Peace Forum and its commissioner, the Rotary Club at Jacksonville, Fla., gave an olive-branch luncheon; and after an address by the representative of the forum 150 of the leading business and professional men of the city gave a hearty indorsement to the cause of universal peace. In Pensacola, New Orleans, Houston, and Dallas sympathetic response was given to the presentation of the services of the International Peace Forum; but at San Antonio, Tex., a fortunate connection was made, which greatly aided the purposes of my visit. There I had several conferences with Dr. Francisco Vasquez Gomez and his brother, who are leading factors in the present revolutionary trouble in Mexico, and from these gentlemen I received much information that proved of practical aid to me in my future movements. On the invitation of Dr. Gomez, I accompanied him to Eagle Pass, Tex., and while I remained there he crossed the Rio Grande to Pedras Negras, where he made arrangements for me to have personal interview with Gen. Venustiano Carranza, leader of the rebel forces in Mexico.

After some delay and formalities, I was escorted to the Armory Building, at Pedras Negras, where I met for the first time Gen. Carranza. During my first conference with the general, who declared, the week before, that he would not receive any peace envoy, he was very formal and abrupt; but after I explained to him clearly and fully the purposes of my mission under the International Peace Forum, he responded more heartily to my offers to aid in the restoration of peace in Mexico. When I was leaving the armory he requested me to remain in Eagle Pass and return for a continuation of our conference next morning at 10 o'clock. I was pleased in my second visit to Gen. Carranza, to find his manner toward me very much changed, and he met me most gracefully and graciously. I soon found that he was very bitter in his antagonism against Mr. Huerta, the provisional president of Mexico, and he did not hesitate to call him a murderer and assassin. Acting as my interpreter, Dr. Gomez spoke for me on this occasion, and for nearly two hours I laid before Gen. Carranza practical suggestions bearing upon the complicated situation in Mexico, and introduced to a great extent the program that I had outlined to Gen. Orozco. The general dictated, in my presence, a personal note to me, to which he placed his autograph, expressive of his appreciation of my mission, but also declaring his intention of continuing the war against Huerta. He presented to me a full-length picture of himself, and as he attached a pleasant word of presentation

to it, he expressed the hope that I would understand his position and be successful in my service for Mexico.

For more than a month after this visit to Piedras Negras, Mexico, I held peace conferences with leading Texans and Mexicans in San Antonio and all along the Mexican border. At El Paso, Tex., the chamber of commerce invited me to address its body on Thursday, May 29, at a luncheon given in the Sheldon Hotel, and at the close of my address the following resolutions were offered by Mr. James G. McNary, vice president of the First National Bank, which were passed by unanimous and rising vote:

"We, the citizens of El Paso, Tex., representing the business interests of the largest city of the Mexican border, assembled on May 29, 1913, resolved:

"1. That our appreciation and congratulations be extended to Dr. Henry Allen Tupper, the special peace commissioner of the International Peace Forum, for the work he has accomplished and is accomplishing, looking toward peace in Mexico.

"2. That we heartily indorse the forceful suggestions offered by Dr. Tupper in reference to the Mexican situation.

"3. That we respectfully suggest that the commissioner, Dr. Tupper, present these views as promptly as possible to the leaders in Mexico and to President Wilson and Secretary Bryan, at Washington.

"4. That as a tentative movement, a peace commission should be appointed from both Mexico and the United States, as suggested by Dr. Tupper, which shall confer as to the wisest methods to be adopted for the restoration of peace, for a popular election and for the establishment of a stable government in Mexico.

"5. That as Dr. Tupper has suggested, it is preferable for the initiative in this movement to be taken by the leaders in Mexico; but as an acute crisis has been reached, it is our opinion that the United States Government should wisely and firmly act in this matter, rather than have a prolongation of this terrible and increasingly destructive struggle.

"6. That we express the hope that Dr. Tupper will continue his good work and diplomatic services until the desired end is reached; and because of our self-interest and interest in humanity, we desire to assure him of our sympathetic cooperation in his splendid services as special peace commissioner of the International Peace Forum.

"7. That copies of these resolutions be sent to the leaders of the Federalists and Constitutionalists in Mexico and to President Wilson and Secretary Bryan at Washington."

On my return east, I learned that the services of the International Peace Forum in connection with the Mexican troubles were greatly appreciated throughout the South and Southwest, and without hesitation in Fort Worth, Dallas, Houston, New Orleans, Pensacola, Jacksonville, and Atlanta, hearty indorsement was given to our work. In Washington I held conferences with Hon. William Jennings Bryan, Secretary of State, at his residence and in the State Department, and while our Government found it undiplomatic and impossible to give official recognition of our services, Mr. Bryan expressed to me repeatedly his deep interest in the work of the International Peace Forum, through its commissioner, which assurances he had already extended to me through a letter received while I was in Texas.

We feel that our activities looking toward a solution of the peace problem in Mexico are not fruitless or hopeless, and I have received recently letters from the Mexican border, requesting that the good offices of the forum be exerted through its commissioner in Mexico City, where it is thought that a branch of the International Peace Forum should be established.

As an honored guest at a luncheon given by President F. D. Underwood of the Erie Railroad at the Railroad Club, June 27, I had the pleasure of speaking a few words on Mexico to a number of leading citizens of New York, and I insisted that conditions in Mexico are becoming increasingly disastrous to Mexico and increasingly perilous to the United States and other countries; also a strong influence outside of Mexico must be promptly exerted or undoubtedly fearful results will follow. It was further suggested that a joint peace commission from Mexico and the United States should be formed without delay, and that calmly, intelligently and most earnestly, all question looking toward the situation in Mexico should be presented to this commission. As I have stated to the International Peace Forum, my repeated visits to Mexico have been largely basal in their result, and I hold myself in readiness to visit the capital of the war-scourged Republic if I am convinced that good can be accomplished.

The continued disturbances in Mexico, attended by the destruction of life and property, have induced the European powers to take a practical interest in Mexican affairs; and Ambassador Wilson's recall to Washington may result in the announcement of a positive policy on the part of our Government. Under the present critical circumstances, it appears to be unwise and inexpedient for the State Department at Washington to assume an indifferent attitude any longer, in this most important matter; and recognition of the de facto government of Huerta or intervention seems to be the two alternatives left to President Wilson's administration. The latter should be the last of last resorts; and, with certain prescribed conditions, the former might be taken, with the promise and prospect of pacification and prosperity to our neighbor Republic.

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INTERNATIONAL PEACE FORUM,  
June 6, 1914.

HON. JOSEPH R. LAMAR,  
*Justice Supreme Court,*  
*Niagara Springs, Niagara Falls, N. Y.*

DEAR SIR: Allow me to present to your kind consideration, Dr. Henry Allen Tupper, the special peace commissioner of the International Peace Forum.

Dr. Tupper has paid five visits under his commission to Mexico during the last year, and has held repeated conferences with Gen. Carranza, his ministers, and other leaders in Mexico, looking toward the establishment of peace and a stable Government in that Republic.

Through Dr. Tupper's quiet, tactful, and diplomatic wisdom, he has won the confidence of the Mexican leaders, especially Gen. Carranza and through him Gen. Carranza has made several important deliverances to the world.

Dr. Tupper, under invitation from the chief of the Constitutionallists, is on his way again to Mexico, and en route, as president of the International Peace Forum, I have requested him to confer with you and your colleagues, and if he can serve you gentlemen in any way in your delicate peace negotiations he will gladly do so; and I assure you he is most trustworthy in every respect.

Respectfully, yours,

JOHN WESLEY HILL, *President.*

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INTERNATIONAL PEACE FORUM,  
New York, November 8, 1912.

DR. HENRY ALLEN TUPPER,  
*Special Peace Commissioner and Honorary Vice President*  
*of the International Peace Forum, New York, N. Y.*

MY DEAR DR. TUPPER: Personally and in the name of the International Peace Forum I desire to congratulate you on the intelligence, patience, and diplomacy shown in your work as our special peace commissioner in connection with the Mexican situation. Results that have already been accomplished through your negotiations can not be estimated in their beneficent influences, but these only prepare the way for larger accomplishments.

Peace should be restored in our neighbor republic; the fear of intervention on the part of the United States should be obliterated from the minds of any who may entertain such an idea; fraternal comity should be established on a firmer basis than ever between America and Mexico; the constitutionally established Government of Mexico should receive not only our sympathies but our moral support; the material resources of Mexico should be developed for the blessings of the Mexicans and the world; and I pledge you, my dear Doctor, my personal aid and the cooperation of the International Peace Forum in this splendid and far-reaching work which has been initiated so successfully by you.

In order that you may pursue your work more effectively, it gives me pleasure to inform you that you have been reappointed honorary vice president and special peace commissioner of the International Peace Forum, and, if desired, arrangements will be made for you to have your quarters in our New York rooms, Thirty-fourth Street and Madison Avenue, where you can be in close touch with the work of the forum.

Sincerely, yours,

JOHN WESLEY HILL, *President.*

INTERNATIONAL PEACE FORUM,  
November 10, 1913.

MY DEAR MR. COMMISSIONER: Your communication of the 1st is at hand, and first of all I beg to congratulate you upon the great work which you are doing for the pacification of Mexico. Had the directors of the forum followed your suggestion when your clear, concise, and convincing report was made, in all probability the vexed problem would have been solved, or well on its way to solution, by this time.

I have noted with much interest and gratification the various press reports concerning the effectiveness of your mediations in behalf of the cause which is so near and dear to our hearts. Surely the forum has been fortunate in finding one so efficient in matters of diplomacy, so able to meet and treat with strong men, and so wise in remedial suggestions. Surely we are all to be congratulated that the Government is now about to act upon the proposition which you suggested weeks ago, viz, the recognition of the Constitutionalists. I have favored this from the start, but not being in immediate touch with the situation I have been slow to express myself.

The matter so far as we are concerned is in your hands, and we sincerely trust that the next few days will show that you, more than any other man, have brought about an attitude upon the part of our Government which will result in the establishment of constitutional authority, peace, and prosperity in our sister Republic.

With warm regards and profound gratitude for the magnificent work which you are doing, I beg to remain,

Faithfully, yours.

JOHN WESLEY HILL, *President.*

WASHINGTON, D. C., October 28, 1913.

DR. HENRY ALLEN TUPPER,  
*Montezuma Hotel, Nogales, Ariz.:*

Please convey to Gen. Carranza my most earnest wish for the success of the sacred cause he represents. His name will rank among the immoral [immortal] defenders of human liberty in fighting for the rights of the Mexican masses. He and his associates and followers have won the sympathy and admiration of all the world.

MORRIS SHEPPARD,  
*United States Senator from Texas.*

STATEMENT OF GEN. VENUSTIANO CARRANZA, THE LEADER OF THE CONSTITUTIONALISTS OF MEXICO, TO DR. HENRY ALLEN TUPPER, NOVEMBER 15, 1913.

On November 7 I sent you a letter expressive of my appreciation of your work, in which I requested you to give to the public the true position and purposes of the constitutionalists in the present struggle.

As there is much misunderstanding and many misstatements have been made on these subjects and in order to give a definite and final reply to the many questions coming from the press and other sources with regard to the objects and wishes of the constitutionalists, I will here repeat what I have frequently announced in the past with regard to this matter.

The immediate object of the constitutionalists is the restoration of constitutional government in Mexico by the elimination of Huerta and all those responsible with him for the assassination of President Madero and the usurpation of the Government.

That accomplished, it is the object of the constitutionalists to effect the political and economical reforms so greatly needed before my country can have permanent peace. Among these are the guaranty of a full and free vote to all citizens and the settlement of the land problem on the lines laid down in the plan of San Luis Potosi; taxation of land at its full value, restoration to the public of lands illegally taken from it, and the opportunity for the common people to acquire lands in small areas, so that they may become independent and self-supporting. Other reforms are proposed, which need not be enlarged upon here, but which include the establishment of a complete system of practical education for the masses.

Controlling as we now do three-fourths of the area of the Republic, with victory coming daily to our arms, hampered as we have been by our inability to arm and equip the tens of thousands of patriots who freely volunteer their services, we still lack one requisite for the accomplishment of our objects:

In order to carry out the first object—the elimination of Huerta and his associates at once—the Constitutionalist ask but one thing of the United States: The repeal of the resolution forbidding the free export of arms and ammunition from that country, no matter to whom.

With such repeal the Constitutionalist give assurance that within one month thereafter they would have at least 100,000 well armed and equipped troops in the field, and that within three months they would have restored peace to the entire country.

While this is being carried out, they will as they have in the past and so far as is possible in a country wholly in arms and with a terrible civil war raging, protect the persons and property of all, foreigners and natives alike, so far as can lie within the power of any administration under like conditions.

They will, at the conclusion of peace, adjudicate and pay through a mixed commission composed equally of Mexicans and foreigners, all claims of foreigners for any and all damages suffered from the beginning of the revolution of November, 1910, down to the date of the establishment of peace: They will also treat in like manner claims of Mexican citizens for damages arising from revolutionary causes during the periods mentioned in the decree issued by me dealing with the subject.

They will repay all sums of money borrowed for the use of the Constitutionalist forces, and redeem all fiat money issued for revolutionary purposes. They will repay the value of the goods, animals, etc., taken for the same purpose.

As first chief of the Constitutionalist army and in accordance with the plan of Guadalupe, I will, as soon as practicable after the Constitutionalist shall have occupied Mexico City and brought about a condition of peace, call an election for president, vice president and other elective officers; and I pledge myself that the election shall be absolutely free, and that every citizen of the republic shall have an opportunity to cast his ballot for the candidates of his choice without fear or molestation. I pledge myself to turn over the government at once to those chosen by the people and to install them in their positions.

Those responsible for the assassination of President Madero and his associates and for the usurpation of the government will be tried and judged under the law of 1862, which governs such crimes.

Every property right, legally acquired by foreigners or natives in the Republic, and every loan or obligation incurred by any legal administration, will be rigidly observed, but the Constitutionalist will not recognize any act of any kind, any concession granted, loan made, or transaction of whatever sort performed by the Huerta régime, or since February 19, 1913.

Nor will they recognize any act of any kind performed by the government of any State since the date given other than by the constitutionally elected governor and congress of such State.

As to the armed intervention of any foreign Government into the affairs of Mexico, I do not believe such intervention possible, but if such were to occur I believe it would be an international crime and a most grave and serious error on the part of the Government committing it. In case of such intervention, I promise to conduct myself as the dictates of my conscience and my patriotic duty to my country oblige me.

The Constitutionalist will accept no mediation from any source and will not entertain any proposition looking toward an amicable settlement with the Huerta régime. They are fighting for a principle that does not admit of compromise. They are fighting for the elimination of the traitors and assassins who have brought their country to its present lamentable state, and they will continue that fight until they have either won the contest or laid down their lives for the cause.

Again I repeat, in closing, all that the Constitutionalist ask of the United States is the lifting of the embargo without conditions, and that this shall be done with as little loss of time as possible.

In that way, and in that way only, can permanent peace be brought quickly and justly in Mexico.

[Private correspondence of the first chief of the Constitutionalist Army.]

PIEDRAS NEGRAS, *May 15, 1913.*

Mr. Dr. HENRY ALLEN TUPPER, LL. D.,  
*Special Peace Commissioner of International Peace Forum.*

MY DEAR SIR: The only thing I can say to you in answer to the interrogatory you were pleased to present to me as representative of the International Peace Forum is that in the plan of Guadalupe, of which I enclose you copy, the purposes of the Constitutionalist Army, of which I am the first chief, are stated.

I am determined that by force of arms the present struggle in the Republic be solved, and I shall admit no peace intermediaries, wherefore I can answer nothing more with respect to the other points of your interrogatory.

Without anything further, I offer myself as your attentive, obedient servant.

[RUBRIC.]

V. CARRANZA.

CULIACAN, SINALOA, MEXICO, *February 6, 1914.*

Dr. HENRY ALLEN TUPPER,  
*185 Madison Avenue, New York City:*

I sincerely thank you for congratulations. I do not know where I may be in March. I shall opportunely communicate it to you. I salute you.

V. CARRANZA.

NOGALES, ARIZ., *December 1, 1913.*

Dr. HENRY ALLEN TUPPER,  
*Bender Hotel, Houston, Tex.:*

I would thank you to proceed to this city as soon as it may be possible for you.

V. CARRANZA.

[Private correspondence of the first chief of the Constitutionalist Army.]

HERMOSILLO, *December 21, 1913.*

Mr. Dr. HENRY ALLEN TUPPER,  
*34 Gramercy Park, New York, N. Y.*

VERY ESTEEMED FRIEND: I acknowledge receipt of your favor dated the 10th instant, sincerely thanking you for the consideration with which you are pleased to honor me, and I declare to you that your short stay in this (city), was for me cause for satisfaction, as it will again be to have the pleasure of saluting you.

I beg you to present my respects to your madam and daughters, and receive yourself the affectionate salutes of your friend, attentive, obedient servant,

[RUBRIC.]

V. CARRANZA.

[Private correspondence of the first chief of the Constitutionalist Army.]

CHIHUAHUA, *May 4, 1914.*

Mr. Dr. HENRY ALLEN TUPPER,  
*34 Gramercy Park, New York, N. Y.*

VERY ESTEEMED AND FINE FRIEND: I refer to your favor dated 28th of the month last passed, which I noted with care, in order to manifest to you my sincere thanks for the desires it expresses in favor of the constitutionalist movement which I represent.

It will cause me satisfaction to have the pleasure of seeing you in this month, as you are pleased to announce, and in the meanwhile receive the affectionate salutes of your friend and attentive, obedient servant,

[RUBRIC.]

V. CARRANZA.

CITY OF MEXICO, *February 26, 1915*

Mr. HENRY ALLEN TUPPER, D. D., LL. D.  
*Hotel Geneve, Mexico, F. D.*

MY DEAR SIR: Remembering the important mission you have in Mexico, as the worthy representative of the International Peace Forum, and taking into account the full and humanitarian sentiments you expressed in the associa-



tion the night of your speech, it seems to me you might very well use your influence in these times of tension in reaching a better understanding between the Constitutionalist chief in this city, Gen. Alvaro Obregon, and the various foreign elements, with the view of giving assistance to the needy class and to bring, in this manner, tranquillity to the city. The association itself has been formulating plans to assist those who directly or indirectly demand attention, as well also as the others. But, until to-day it seems to us impossible to obtain funds or provisions, and for this reason our plans have not been realized.

In any event, I recommend this suggestion to you for your generous consideration.

With my best wishes, I am, your  
Attentive, obedient servant,

R. WILLIAMS.

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[Private correspondence of the general of division, Alvaro Obregon.]

MEXICO, *March 1, 1915.*

Mr. HENRY ALLEN TUPPER,  
*City,*

MY DEAR SIR: I have received your esteemed letter dated 27th of February, in which you say that, acceding to indications by various persons and groups, foreigners and nationals, in your character as peace delegate of the International Peace Forum, you are disposed to cooperate with these headquarters under my charge for the relief of the necessities of the people of this city.

I thank you immensely for your kind and philanthropic offer, which I do not doubt will be taken advantage of by the revolutionary board for the help of the people, whose principal members are Citizens Engineer Alberto J. Pani, with offices in the National Railways Building, and Dr. Atl, to whom I permit myself to refer to you.

With particular appreciation, I am pleased to subscribe myself,

Your affectionate and attentive, obedient servant,

[RUBRIC.]

ALVARO OBREGON.

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HERMANOS, COAHUILA, *November 9, 1915.*

Mr. Dr. HENRY ALLEN TUPPER,  
*200 Broadway, New York.*

VERY ESTEEMED FRIEND: I sincerely thank you for the affectionate consideration you send me in letter dated the 21 of September ultimo, and I appreciate your good wishes for the future prosperity of Mexico.

I remain as always your very affectionate friend and coreligionist,

[RUBRIC.]

V. CARRANZA.

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#### REPORT ON RED CROSS WORK.

AUGUST 25, 1915, TO SEPTEMBER 25, 1915.

1. We left Piedras Negras on the morning of August 25, at 10 a. m. We arrived at Ellende at noon, where it was reported a bridge had been burned by the Carranzistas at kilometer 95, south of Allende. The construction crew, composed of eight men, mostly boys, had some 400 yards of track to build and had no material. The commander of the forces at Allende forced me to lend him my engine to take this crew down to work and make repairs. He had his own engine, but having collected some 50 hides which he wished to sell on the American side of the river he used my engine to do his work and took his engine to go to Piedras Negras with.

On seeing that there would be no communication for several days I returned to Piedras Negras with the entire train, being advised also that the Carranzistas were about to attack that point, where I arrived on the morning of August 27.

2. On the morning of September 2, after having been assured that the line would be open within a day or two, I proceeded to Sabinas, where I arrived the same day at 5 p. m. I was then informed that it would be two or three days before the line would be open to Monclova. We arrived in Sabinas

Thursday, and on Saturday morning at 9 a. m. we were informed that the Carranzistas had the town surrounded and would make an attack in a few minutes. I immediately made preparations to leave, and before we could get the engine coupled onto the train we heard two loud explosions to the north and saw the dust and one bridge being blown up. Communications being cut off from the north we proceeded to go south. On leaving Sabinas some 15 deserters, all young boys, part of the Villa army, climbed on our train, hiding themselves amongst the cars. I was careful to disarm each one, as the colonel insisted on my taking them, which I did not want to do. We proceeded slowly, and just 4 kilometers before reaching Baroteran, in a cut, we were suddenly opened fire on by about 800 men, 400 being on one side of the track and 400 on the other. After the rifle firing began a machine gun was trained on our train and kept firing for about five minutes. My assistant and I ordered everybody down flat on the floor of the car; fortunately no one was hit. The engineer stopped his train immediately on the first shots, but they continued to fire at us for at least five minutes. Each car was plainly marked with the Red Cross sign on both sides. Inclosed photographs will show the size of the sign. There was no excuse for them not seeing the signs, as they could have been plainly seen at a mile distant. The engine had two Red Cross signs in front on each side. I was told by a man who was formerly employed by me in Mexico, who was with the troops, that they were fully aware of our identity, but that they shot up our train simply to show their disrespect for any American institution.

The fact of the matter is that the Carranzistas have been coming into Sabinas, sleeping at night in their houses, and were fully aware that we were at Sabinas. One of the troopers came up to me with one of the Red Cross signs and handed it to me torn in rags and remarked, "Take your dirty rags Gringo——." Just before firing ceased I went out on the back platform and happened to recognize an officer who was part American—however, a Mexican citizen—by the name of Burchelmann. He immediately communicated to Gen. Zuazua my identity, and the order was given to cease firing by a bugle. In the meantime a trooper rode up to me and grabbed hold of me with a pistol in his hand, searching me for arms; not finding any he took my watch. A colonel, coming up behind, whom I happened to know, ordered him not to touch me. He made the man give the watch to me.

As soon as firing ceased the whole mob swarmed down to the train yelling "Viva Carranza" and looking for loot. They flocked into my car with guns in their hands but were stopped by this half-breed American, who assured them that we were not armed, and later Gen. Zuazua ordered them to keep out of the car. After I had talked to Gen. Zuazua and told him the seriousness of his act, he apologized in a half-hearted way and gave me a pass permitting me to go through their lines. Our engine having run out of coal, I sent it down to Baroteran to get coal and come back and get our train. In the meantime the Carranzistas formed a battle line and started back toward Baroteran. We could see Baroteran plainly, being on a hill above it. It seems that they had surprised the Villistas a short time previous to our arrival and had practically wiped out the small command of men at the station. Those they did not kill were taken prisoners and hurried off to Lampasas. The Villistas sent a small army from Esperanzas, 6 miles away, to retake Baroteran, which they did, and held it for about two hours. The firing was continuous, and the Carranzistas entered Baroteran during the afternoon three times, and were driven out three times by the Villistas. The Carranzistas sent out a small escort behind us and burned some small bridges between Sabinas and Baroteran in the rear of our train.

About 5 in the afternoon our engine here returned with three wounded—returned by the Carranzistas. One was a woman, who died upon our putting her in the car. We buried her alongside of the railroad by order of the Carranzistas, our train crew and ourselves digging the grave. The other two men were very badly wounded, and as we could give nothing but first aid we decided on getting to the nearest doctor, which was Musquiz, on a branch from Baroteran. After burying the woman the Carranzistas returned and formed a battle line, using our cars for protection. The Villistas could be seen coming from Esperanzas under the command of Col. Terrazas. I did not much like the idea of being a fort for the Carranzistas, so ordered the engineer to pull out slowly in the direction of Baroteran. Then the Carranzistas, seeing us leaving, immediately departed toward Sabinas. In about 30 minutes the Villistas came up to our train, and we counted them, there being 324 men. They were very orderly and made no efforts to force themselves into our cars and showed us every

courtesy. I talked for a few minutes with Col. Terrazas, and he said that he would take Sabinas the next morning or probably that night; he asked me for information as to the strength, etc., but I declined to give him any information, explaining that the Red Cross was not there to give information; he said he appreciated my not giving them the information and apologized for even asking me.

Before leaving us the Carranzistas were very anxious to know about the success of their compatriots with the Texas revolution. They were very much surprised when I told them that the Texas trouble was practically over. They seem to be under the impression that the Carranza lines were extended to within a few miles of San Antonio. They left me shouting "Adios, Gringo; we will see you in San Antonio." This was not a small party of men, but the general impression was there were some 1,200 men in this command.

San Antonio seems to be these Mexicans seventh heaven; and it is evident that the chiefs have been promising these men a pasaseo in San Antonio when they take it. This I heard from several men who ranked as high as captain. If it is not known in Washington that the Carranzistas are backing up this movement in Texas, it is time the matter was given more serious investigation. The fact of the matter is the Carranzistas in northern Mexico are certainly behind this movement to the extent that they would like to see it successful, and would no doubt have given assistance if they had not been busy with the Villistas. This is not hearsay, but was impressed on me in a conversation with Gen. Ellisondo and his staff at Monclova. The Carranzistas have absolutely no respect for Americans. The fact that we took care of their wounded was the only thing that kept them from looting our train. They did not hesitate to call us gringos to our faces, which to a Mexican, is similar to our slang expression "greaser."

At 7 p. m. we pulled into Baroteran, finding it completely deserted, and we had to stop the engine two or three times to remove bodies from the track before we could get up to the station. It having become dark by this time, and the place being deserted, I took a lantern and searched through the train for wounded. I found nothing but dead men and horses scattered all over the railroad yards. By this time we had collected some eight or nine wounded men of both factions. There was a Red Cross car in charge of a man by the name of Cipriano Rivero, whom we found dead outside of the Red Cross car. This man had a red cross on his hat, and from his wounds we judged that he had been executed after being wounded; his head and face were shot full of holes, which can be verified by inclosed photograph. We placed the wounded men in this car and spent the night in dressing wounds and attending them. The next morning before daylight I was startled to hear a baby crying in a box car next to the Mexican Red Cross car. I investigated and found two children, one, 2 years old, a girl, and one, 3 years old, a boy, asleep over the dead body of their father; the mother we buried the previous afternoon was killed by the same bullet that killed her husband, the father of these children. The town having been deserted, these children spent all night beside the dead body of their father, and were covered with blood and were crying because their father would not wake up and give them something to eat. We took the children to our car and gave them a bath, and later on turned them over to a woman in Esperanzas, who was well recommended, and made arrangements for her to send them to an orphanage conducted by an American Society in Piedras Negras, in charge of some American young ladies.

About 7 o'clock part of the Villistas who had been run out of Baroteran returned and began picking up rifles and ammunition that were scattered all over the place. They left, giving us instructions to bury the 26 dead we found amongst the cars. They had lain all of the previous day in the hot sun, and, as the photographs will show, were covered with flies; and I assure you the stench of these bodies was anything but pleasant. We, together with a few civilians who came in to assist in looting the trains, took the necessary steps and dug the graves and buried these men. About noon some of our wounded needed amputation, and we decided to go to Musquiz, where there was reported to be a doctor. We arrived at Musquiz Sunday afternoon at 6 o'clock, where we found another group of wounded in the municipal building. The doctor turned out to be a Japanese druggist; and those whose legs were shot to pieces died. Tuesday morning we were informed by the Villista colonel that the railroad was open and we could proceed to Monclova, which we did, arriving there at 10.30 p. m., September 7.

I previously wired a Mexican in charge of a local committee that we would arrive, and he had made arrangements for opening up our Red Cross stores, and by Wednesday evening, September 8, we began distribution of the much needed corn and beans. The people of Monclova were delighted to see us, and informed me that they had had nothing to eat since our supplies ran out some two weeks previous. We found them eating mesquite beans and fruit. On September 9 news came of the retreat of the Villistas toward Monclova, and on September 10 Gen. Rosalia Hernandez and Gen. Raoul Madero arrived with their troop trains. On the same date trains began to come in from the north, bringing Villista troops and wounded from Baroteran and Sabinas. Gen. Madero informed me that they had orders from Gen. Villa to retreat without fighting to Chihuahua, pending the results of the Pan American peace conference. They brought their wounded over to us, as they had no doctors or medical supplies with them to take care of them. We did the best we could for them and the people of Monclova, who swarmed to us for medicines, bringing sick babies and children in carts and every sort of vehicle for medical attention. On the first day we gave out in small doses 10 gallons of castor oil, not to speak of quinine, salts, and other medicines.

There was one Mexican doctor in Monclova, who was absolutely helpless and had no medicines for filling prescriptions. The prescriptions were sent to us, and we did what we could to fill them. On Sunday, September 12, Gen. Madero came to me and asked me if I would accept a carload of beans to be distributed amongst the town people. I told him that I could see no objection to it, provided he allowed it to go through the regular channels. During the afternoon, while I was attending to wounded, Gen. Madero made the mistake of opening up this car of beans on a side track near the station. The people of the town immediately got wind of it and they looted this car so that in 10 minutes after there was not a bean left in the car. The troops made some attempts to stop the looting, but they were powerless. I estimate that 4,000 people fought, knocked one another down to get those beans. On the same day Gen. Madero and Gen. Hernandez, with their troops, got out of Monclova, leaving a small command of men under Col. Torres as a rear guard protection, for Cuatro Cinegas. They took every vehicle, every animal, mule, horse, and burro in Monclova. The inclosed photograph will show a collection of the wagons and buggies seized in Monclova. I persuaded them to leave me an engine for my train, which they very kindly did, giving me the best one they had.

Gen. Madero assured me that they would not burn any bridges or trains, and I heard he ordered his staff and all officers not to allow their men to perform any depredations whatever. This was carried out to the letter until Gen. Madero was safely in Cuatro Cinegas, when Col. Torres, who was left as a rear guard, started out toward Castanues, south of Monclova, and burned five bridges, the fire of which we could plainly see. Gen. Madero left an express car, also two cars of ixtle, and one of bones under my care, with a letter to the Carranzistas showing the ownership of these cars; one car of express which they overlooked, containing soap, was left in the yards. During the night, after the Villistas left, the town people looted this car, even carrying away the windows and doors of the express car. I was absolutely without any protection, so I hired a force of four men, armed them with machitas, and gave them a lantern each, and placed them on guard. During the first night there were four attempts to break into our cars. They succeeded in boring a hole in the bottom of our car of beans, and, only due to the fact that the beans were sacked, they did not get away with but one sack of beans.

Wednesday, September 15, while attending wounded, I was suddenly confronted with a howling group of men in charge of a captain by the name of Falcon, who rode up to the cars in which I had the wounded, with their guns and pistols cocked, asking where the Villistas were. They jumped off their horses and crowded into the cars, first taking a shot at a Mexican who was helping me, who, having seen the Carranzistas coming, jumped out of the car and hid. They did not hit him, however. They came into the car, and seeing me, asked me what I was doing there, and I told them that I was an American, and that I was attending to the wounded. They told me they had orders to kill them all, and I replied that, of course, I was powerless to prevent them from doing it, but that if they could wait a minute I would explain to them the seriousness of their act. They said they would not listen to any reason; so I

simply had to make the statement that if they killed them they would have to kill me, because it would be necessary for me to report this act to the American Red Cross. These men were lying about on the floors of box cars, as I had no cots to give them. Finally, the Carranzistas, after kicking a few of them, departed toward the town. This captain afterwards came around to me and apologized for having pushed a six-shooter under my nose, explaining that he thought I was a Villista doctor. I afterwards heard that they were highly indignant because they did not get a chance to kill these wounded.

About a half hour after these advance guards left, the main force of 80 men came into the station riding up and down our train, looking through the cars for Villistas. They climbed onto our car, searched it, and would have broken the seals on our Red Cross cars had I not insisted that they wait until their general arrived. They told me he would be in the next day. They came around that afternoon, and ordered me to turn over to them ten sacks of corn for their horses. I could see that Lieut. Col. Falson, in command, could not read or write, but I gave him a note for Gen. Zuazua, instructing his men to let us alone; this note was given to me when we were fired on at Baroteran. The colonel turned this order over for some one else to read for him. This man is military commander at Monclova. I told them that I had no authority to give corn to troops, in fact had been instructed not to. They said they did not care what my instructions were, they wanted that corn and were going to have it. I then compromised with them by stating that I could lend them the corn, taking an order and also instructing a man in charge of the Red Cross depot to take a receipt.

I expected trouble on the 16th, being their national holiday, but fortunately it rained all day, dampening their ardors. Gen. Ellisondo arrived on the 16th, and I turned over to him the express car and two cars of ixtle and one car of bones that had been left by Gen. Madero in my care, making him give me a receipt for these cars, which I have in my possession. The following morning, September 17, the superintendent of the railroad arrived, a young man 25 years of age, and a major in the Carranzistas army, and ordered me to furnish his construction crews, which they made up of 250 men, with Red Cross supplies of corn and beans. I explained to him that I was perfectly willing to feed their families, but inasmuch as the railroad was appointed by the military, I had no right or authority to issue supplies to anyone but the people of Monclova. He said that he did not care what authority I had, and was not interested in that, but he wanted and demanded 10 sacks of corn and 3 sacks of beans without delay. There was nothing for me to do but instruct the man in charge of depot No. 3 to issue this corn and beans, taking a receipt with the understanding in writing that this was to be a loan to the railway company. This, of course, is nothing but a polite confiscation, and my previous experience tells me that we will never get this corn and beans back. In the afternoon of September 16, a cart drove up to the car with a woman who had been mashed by being thrown from a wagon on September 13. She was sent to me by Gen. Madero, with a note from him requesting me to take care of her. She had been three days on the road with nothing to eat, and had been bandaged by putting on green leaves over her four wounds. The five bones in her foot were completely bare, the flesh having all been torn off. She had a deep cut above the ankle, also a deep cut that went completely around her leg to the bone, leaving a gap some 6 inches wide. Her arm was torn from elbow to the wrist, leaving the bones and arteries exposed. When we received her she was full of maggots, which we proceeded to kill with bichloride solution. We got pieces of flesh the size of a hand from her wounds where gangrene had already set in. This woman was in great need of amputation, but we had no one to assist us and no one to do the work, so we did the best we could for her, putting her in a car by herself.

We had another case of a major who had been shot by a colonel, over a woman, in the front of the lower jaw, lodging in his lower brain. This man, when turned over to us, had been in this condition five days, and had had no medical attention. Only his constitution had kept him alive. Gen. Madero sent this man up to Monclova for accommodation, but the Mexican doctor claimed to have performed the operation, but all he did was to remove a few broken pieces of bone, and gave the man an overdose of chloroform. I employed a Mexican to attend to this man, as he was completely out of his head. During the night he got away from this man and, naked, walked two kilometers, and we found

him under a railroad bridge the following morning. We brought him back and at my urgent suggestion Gen. Ellisondo ordered us to proceed to Piedras Negras to the hospital with these wounded. I could see that it was only a question of time until they would have confiscated by forced loans the last of the grain we had on hand, which I had intended to take to Saltillo, viz. the four cars of corn purchased from Mr. Bolcourt, and the car of corn belonging to the American Metals Co., consigned to Ramosavizpe. It was fortunate for us that these wounded were in our care, and that I could insist on him giving us this order, or I would have probably been there yet. The superintendent refused to pay our train crew, so in order to get away I had to assure them that I would make every effort to see that they got their pay before I could get them to take the train out. I finally had to secure an order from Gen. Ellisondo to the superintendent to get him to give us the train orders. This was done and we left Monclova September 18, at 10.30 a. m., taking three of the cars we had emptied full of wounded.

On arriving at Lampasitos we found that the construction crew had not finished their work on a bridge, which I am inclosing a photograph of, and we were forced to wait on the siding for two days until they finished this work. We finally got away from Lampasitos at midnight, arriving in Sabinas the morning of September 22. At 5 in the morning, before reaching Baroteran, the major who was wounded in the brain died. We were very sorry to lose this case, as a simple operation would have saved this man. We had no instruments or no way to perform the necessary work. On arriving at Sabinas, we called on Dr. Payne, an American citizen, who should have a Carnegie medal for his faithful work in Mexico. He has stuck through it all and deserves a good deal of credit. The money he has received for his work in the last year has been of no value to him, and I issued such medicines and bandages as he needed. Dr. Payne attended to the woman referred to, and stated that an operation would kill her, and that there was no hope for her, as she now had 11 days with only first-aid treatment. One of the train crew, a brakeman, with his concubine, slept in the car during the night, together with the woman, whom I employed to attend her. I attended her until 12 p. m., and my assistant from then until she died at 5 in the morning. When my assistant came to inform me that the woman had died, this brakeman and woman took a little ring from the dead body, and what few little clothes she had in a bundle. This explains their interest in the woman. I reported this act to the commander of military forces at Sabinas, who called this party over and made him give up the ring. I am citing this to show the utter depravity of the Mexicans remaining in Mexico. I asked the military commander to bury this woman, which he did, turning the body over to the mayor of the town. The woman was buried in a shallow grave without any coffin, and without any ceremony.

On the morning of September 22 the military commander came to me, stating that he had received orders from Gen. Elizondo at Monclova, and searched my train, as it had been claimed that I had taken away with me two cars of ittle and one of bones. I assured the commander that I had done no such thing, and that I turned these sacks over to Gen. Elizondo before leaving Monclova. He stated that it did not make any difference, and that he wanted to search the train, and he ordered me to turn over the keys to the cars. I accommodated him and he tore the seals off of the cars in checking up contents. There was no excuse whatever for this, but it was simply done, I think, with the object of intimidating me. This military commander previously had attempted to get some satisfaction out of me as to price and force me to sell him corn for his horses, which I refused to do.

4. In Sabinas it had been raining for the past week, and during the time we were there it rained continuously, washing out bridges and track both north and south of us. The bridge that was burned on September 4 has not been repaired, but they built a shoofly around the bridge, and, owing to the heavy rains, the first train they sent over it turned over, piling up the engine under the bridge. This bridge will not be repaired for a week.

Communication being cut off toward the north. I wired Gen. Zuazua offering to take the cars of medical supplies and corn to Saltillo or Monclova; I received a telegram from him stating that he appreciated my offer, but that the conditions in the territory controlled by the Carranzistas was such that help was not needed. He gave me permission to sell medical supplies and merchandise as a private individual, but for no reason could I act in an official capacity. This

means that we need not expect any more work in this part of Mexico as long as it is controlled by the Carranzistas. There is no truth in his statements as to conditions being improved, as I have previously indicated in one of my reports that if a steady rain came there would be no railroad, which would make it impossible for them to furnish any food supplies to the people.

Another hardship on the people is that they published an article, a copy of which I am inclosing, canceling the circulation of Villa money. This being the only money the people had, the territory having been controlled by the Villistas for the past six months, and also owing to the fact that the soldiers did not have any Carranzista money makes it impossible for the people to buy supplies if there were any to buy. The whole reason for refusal can be based on the fact that they resent any action on the part of the United States of any character. In fact, they did not hesitate to insult me at every turn and treated me with absolute contempt, despite the fact that if it had not been for Red Cross work in Mexico they would have had nothing to eat from the time we began our work, and there will be nothing to eat there until the railroad is open again. Even then I can not see where they will get their food supplies from, as both factions have taken the crops for their horses.

I unloaded 94 tons of corn at Monclova and 11½ tons of beans purchased from Trueba and Elosua. The corn distributed in Monclova is the shipment we purchased from Eagle Pass Lumber Co., it having some weevil in it; I thought it advisable to get rid of it as soon as possible. The corn I have at Sabinas is the 100 tons we purchased from Mr. Boicourt, and is good white corn, without any weevil, and can be sold on this side of the river at approximately the price we paid for it.

I left my assistant in charge of the train and secured a guard from the military commander at Sabinas, and a promise from him to protect the train until I could return. I am wiring my representative in Monclova to wind up his accounts, as I understand what corn was not borrowed by the military and railroad company has been exhausted. I do not know exactly how much corn was confiscated by the military and railroad company, but it must have run into a considerable amount, as these supplies should have lasted at least two weeks longer. I will get this information, however, as soon as possible and report fully. It is my opinion that the best thing we can do is to insist that this train be brought out of Mexico, and that we sell the corn here or detour it for work in some other part of Mexico not controlled by the Carranzistas, or, if not too expensive, it could be sent to Vera Cruz for Mr. O'Connor's use.

In conclusion I only regret that some of our higher-up Government officials could not have been with me and see the brand of individuals that are now in control of the situation in Mexico. They do not represent any of the good element in Mexico. They are lawless and have no more idea of patriotism than a yellow dog. They are mentally incapable of handling the situation. Gen. Ellisondo, in command at Monclova, and also in command of a district larger than Massachusetts, is a boy 24 years old, uneducated, and absolutely irresponsible. Gen. Zuazua was formerly classed as a saloon bum around Eagle Pass. A lieutenant colonel in command of a territory as big as Rhode Island was sent to the Mexican Army for stealing horses and cattle. These are not the exceptions but the rule of the character of the men who now dominate one of the richest States in northern Mexico. This fact is largely due to Carranza, who has allowed them to do as they please, and they have no respect whatever for him, each man ruling his district as he sees fit. I do not find any difference between the Carranza faction and the Villa faction, with the exception that Pancho Villa seems to have a better control over his men. It is rumored throughout the Carranza troops that Obregon and Villa are about to launch against Carranza.

Having been in personal contact with both factions, I believe that it would be a crime to turn loose this some 200,000 bandits, thieves, and scapegoats on the country. They are rotten with disease and have been divorced from all ideas of ever working again. They will disperse in small bands, and a reign of terror which no leader such as Carranza will have the strength or power to overcome.

I repeat that if Carranza is given control of the country that it will be only a short time until another movement is launched to eliminate Carranza from the situation.

## BEATY APPENDIX B.

The following are from the Tampico Tribune, under date of August 23, 1919:

**TRANSCONTINENTAL CO. ROBBED OF \$30,000 UNITED STATES CURRENCY MONDAY—BOX OF HARDWARE SUBSTITUTED FOR ORIGINAL BOX THAT WAS SENT TO THE LOWER COUNTRY—THIEVES LEAVE NO TRACE—EVIDENT THAT ROBBERY WAS SKILLFULLY PLANNED AND EXECUTED.**

The largest robbery of the week took place last Monday, when the Transcontinental Oil Co. was robbed of \$40,000 United States currency. There were no masked men with rifles, no fireworks or anything of the kind to make the robbery spectacular, but a box containing 30,000 iron men disappeared as if by magic.

Between 9 and 10 o'clock Monday morning one of the local banks made up the pay roll and placed it in a wooden box and consigned it to the Transcontinental at Mata Redonda. The money was to be used in paying off the men employed by the company, and also those of a local contracting firm. The box was taken to the fiscal wharf under guard of two employees of the oil company and placed in the captain's cabin on board of the tug *Hartsell*. This was the last seen of the money by anyone in the employ of the Transcontinental, as far as is known.

It was the intention of the captain to shove off Monday afternoon, but because of some unexpected delay the tug did not leave until the following morning. During the night the box containing the money was left unguarded, except for the regular watchman who was on the job.

When the box was opened at its destination it was found to contain bolts, nails, and other hardware. An investigation of the robbery was started, but up to the present no trace of the missing money has been discovered. The robbery was premeditated, as a new box was substituted for the original and seals similar to those used by company had been placed on the box.

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**AGWI CO. PAYMASTER ROBBED OF \$4,000 GOLD ON ROAD TO TEPETATE—THREE MASKED AND ARMED MEN HELD UP LUIS GUTIERREZ, PAYMASTER, AND DE LACY—NEITHER WERE INJURED—FAIRLY GOOD DESCRIPTION OBTAINED OF ONE OF THE BANDITS.**

The Agwi Co.'s paymaster was held up 3 miles east of Tepetate, on the company's right of way, last week, and \$4,000, all in United States currency, taken.

The paymaster, Luis Gutierrez, accompanied by Kenneth De Lacy, were nearing camp when they were accosted by three armed men, who ordered them to hold up their hands and turn over the money. While the hold-up was taking place the handkerchief which one of the bandits had tied over his face fell off and Mr. De Lacy was able to get a fairly accurate description of him. He is said to have been a well-dressed man, probably 23 years of age, smooth shaven, and weighing about 125 pounds. The other man, evidently a youngster, wore a red bandana handkerchief over his face, with eyeholes cut in. Both of the men carried Winchester rifles. The third man was concealed in the brush and seemed to be the leader of the gang, as all movements were directed by him.

After the money had been taken the Agwi men were ordered to proceed and not to turn around if they did not care to be shot.

Neither of the men who carried the money for the company knew 10 minutes before leaving Tampico they were going and neither knew that they were going to carry money. The bandits seemed to know exactly what they were after, however, as the man who was not carrying the money was not even searched. They merely took the moral from the man who was carrying it, and without looking into it rode away.

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**PENN-MEX FUEL CO. ROBBED OF \$25,000 MEXICAN AT TUXPAM TERMINAL—SEVEN BANDITS ACCOMPLISHED ROBBERY WHILE TWENTY-ONE MORE REMAINED IN RESERVE—NO ONE HARMED—ROBBERY SO QUIET THAT AMERICAN SLEEPING IN CAMP NOT AROUSED.**

The Penn-Mex Co., not to be outdone by other oil companies, comes to the front with the report that they were held up last week by bandits and the sum of \$25,000 Mexican money was taken. Most of this money was in Mexican gold currency.



The robbery took place on the island occupied by their terminal, and it is thought about 28 men had a hand in it, although the actual robbery was committed by 7 men. It was 1 o'clock in the morning when the cashier, H. M. Krimbill, was awakened by two armed men, who ordered him to dress and accompany them to the company's offices where the safe containing the money was located. When the offices were reached, two of the men went inside while two others stood watch on the outside. After securing the money they proceeded to the wharf, where they were joined by three more men who, in the meantime, had awakened the launch crew and commandeered one of the company's boats. The bandits then ordered the crew to take them across the river to a point about 2 miles above the terminal. At this point, according to members of the crew, 21 men were waiting for the original members of the gang.

Each member of the outlaw gang was heavily armed, but during the whole proceedings not one of them took their rifles from their shoulders except when they carried off the money. At the time there were at least 25 Americans asleep in the camp, but the robbery was committed so quietly and in such a precise manner that no one knew a thing about it until the robbers were well on their way.

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PAT COYNE KNIFED BY DISCHARGED EMPLOYEE—SLASHED WITH DIRK WHEN HE REFUSED TO HAND OVER AN EXTRA WEEK'S PAY—INJURIES NOT SERIOUS.

Pat Coyne, of the Texas Co., was severely cut by one of his employees the first part of the week. Mr. Coyne had discharged the man for incompetency a few days before and gave the matter no further thought. Early Monday morning the man appeared and demanded an extra week's pay. Upon being refused, he drew a knife from his belt and slashed Coyne across the arms and hip before Coyne knocked him down with the butt of a gun.

While his injuries are not serious, they are very painful, and it will be several weeks before he will be able to return to work.

Col. Orosco, with his usual promptness, sent a squad of soldiers to arrest the man who did the cutting, but he had escaped.

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DEPARTMENT OF STATE,  
*Washington, July 12, 1918.*

THE TEXAS CO.,  
*17 Battery Place, New York City.*

GENTLEMEN: In further reply to your letter of May 9, in regard to the depredations of bandits upon your property in the State of Vera Cruz, Mexico, I inclose for your information a copy of a dispatch from the American ambassador at Mexico City in relation to the matter

I am, gentlemen,

Your obedient servant,

For the Secretary of State:

ALVEY A. ADEE,  
*Second Assistant Secretary.*

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DEPARTMENT OF STATE,  
*Washington, May 17, 1918.*

THE TEXAS CO.,  
*17 Battery Place, New York City.*

GENTLEMEN: The department has received your letter of May 10, quoting a report of the treasurer of your subsidiary, the Texas Co. of Mexico, S. A., to its president, in regard to conditions in the Mexican oil fields.

I am, gentlemen,

Your obedient servant,

For the Secretary of State:

ALVEY A. ADEE,  
*Second Assistant Secretary.*

MAY 17, 1918.

The Honorable the SECRETARY OF STATE,  
*Washington, D. C.*

SIR: I have the honor of acknowledging your esteemed favor of the 13th instant, in which you advise that the matter presented to you in my letter of the 9th instant is being brought to the attention of the Mexican foreign office with the request that adequate protection be accorded to our property in Mexico.

Taking this opportunity of thanking you, I am, sir,

Respectfully, yours,

(Signed) *W. A. THOMPSON, Jr.,*  
*Vice President.*

DEPARTMENT OF STATE,  
*Washington, May 13, 1918.*

Mr. W. A. THOMPSON, Jr.,  
*Vice President The Texas Co.,*  
*17 Battery Place, New York City.*

SIR: The department acknowledges the receipt of your letter of May 9, 1918, quoting portions of two reports received by you from your company's foremen in the Tepetate District, State of Vera Cruz, Mexico, from which it appears that money and other property have recently been taken from your company by Mexican bandits.

In reply you are informed that a copy of your letter has been sent to the American Embassy at Mexico City, with instructions to bring the substance of your communication to the attention of the Mexican foreign office and to request that adequate protection be accorded to the property of the Texas Co.

I am, sir,

Your obedient servant,  
For the Secretary of State:

*ALVEY A. ADEE,*  
*Second Assistant Secretary.*

MAY. 9, 1919.

The honorable the SECRETARY OF STATE,  
*Washington, D. C.*

SIR: On the 1st ultimo I had the honor of addressing you in relation to disturbances occurring in connection with our operations in the Mexican oil fields.

I am now in receipt of further advices, and I quote from two reports made by the foreman of our Rosas camp, in the Tepetate section, State of Vera Cruz, as follows:

"APRIL 6, 1918.

"This morning about 3 o'clock I was held up here in Rosas camp by five bandits. These men came first to the bodega, breaking open same and taking out two saddles and a tarpaulin, then come into the house demanding 5,000 pesos. I had to open the desk for them. I only had about 150 pesos in the desk so they took that, then took four blankets, also going through my clothes and taking my watch.

Things seem to be getting worse all the time, and it looks as though we will have more trouble."

"APRIL 7, 1918.

"This evening about 7 or 8 o'clock another bunch of men came in and held me up, demanding 30 pesos and making threats and throwing their gun down on me. I gave them 30 pesos and then they wanted 10 more, which I gave them, this amounting to 40 pesos. There were about 20 men in this bunch and all of them were drinking."

I am, sir,

Respectfully, yours,

(Signed) *W. A. THOMPSON, Jr.,*  
*Vice President.*

MAY 10, 1918.

The honorable the SECRETARY OF STATE,  
*Washington, D. C.*

SIR: I again have the honor of addressing you with regard to the disturbed conditions in the Mexican oil fields.

As stated to you in a previous communication, our Mexican interests are owned and conducted through our subsidiary, the Texas Co. of Mexico, S. A. Mr. Clarence A. Miller is vice president and general manager of this concern and Mr. Theodore Rivers is its treasurer, both having headquarters at Tampico, Mexico.

I have before me a report made by Mr. Rivers to Mr. Miller, under date of April, 1918, and believing that it may be of some interest to you, I am taking the liberty of quoting same in full as follows:

"On April 16, at 5.30 a. m., I left Tampico with Mr. Prather of the Island Oil Company, for Tepetate, going in a car over the Huasteca Petroleum Co.'s right of way. Upon arriving at Maume, a landing on the San Geroimo River, I met Mr. Sam Patrick with others of the producing department, waiting the arrival of Messrs. Moran and Kincheloe, who are also on their way to Tepetate, having left Tampico in a launch for Maume, a landing about 16 kilometers north of Tepetate.

Upon arriving at our producing and pipe line camps at Tepetate. I found the pipe line camp in charge of a young Mexican who has been employed at this camp for several months as timekeeper. Messrs. Moran, Kincheloe and Patrick arrived at the camp about 4 p. m.

On the same date, April 16, in company with Mr. Prather, I visited a general at Juan Caslano in charge of the troops operating in the Tepetate district. We were informed by this general that protection would be afforded to all oil companies operating in that district, and advised all of the men to return to Tepetate who had left there a day or two previously on account of the chaotic conditions. On the same night, of April 16, our pipe-line camp was visited by five or six armed men, who demanded something to eat. Upon advising them that we had nothing prepared at that hour (12 a. m.), they left the camp, stating that they would return the next day. On the 17th several soldiers appeared at the camp and again asked for something to eat, to whom we gave several cans of sardines, salmon, etc. On this same morning, in company with Messrs. Moran, Kincheloe, and Patrick, we again visited the general in charge of the troops at Juan Caslano, advising him of what had occurred during the night. He again advised us that all camps would positively be given protection, and to advise representatives of the oil companies to send back again all of their men to the Tepetate oil fields. During the morning of this same day, April 17, Messrs. Kincheloe and Patrick returned to Tampico, leaving the producing camp in charge of Thomas O'Connell and R. M. Munez. Mr. Moran and I remained at the pipe-line camp.

During the night of April 17 another armed force of five or six men made their appearance again at the pipe line, demanding liquor. After advising them that we had no liquor at the camp, they left. During the day of April 18 some more armed men appeared at the camp, demanding something to eat, to whom we gave a few cans of meat, etc. During the night of April 18, at about 1 a. m., six armed men made their appearance again, demanding that we open the door at the camp where Mr. Moran and I were sleeping. Upon threatening us that they would enter by force if we did not open the door, and seeing danger ahead, I opened one door leading into our room, where they demanded 20,000 pesos or Mr. Moran and myself would be marched to Chinampa. However, they were finally satisfied with relieving me of my watch and five or six dollars that each Mr. Moran and myself had on our persons. After they left, Mr. Moran and myself went to the producing camp, where we advised those in charge of what had happened. After placing all valuables in that camp in a safe place, we went to the Mexican Gulf camp, where we were advised that six armed men had been there about an hour previously and relieved them of about 400 pesos.

On the night of April 19 nothing occurred, perhaps on account of raining all night.

On Saturday, April 20, I returned to Tampico (Mr. Moran remaining at Tepetate) in a car with Mr. Perry, of the Mexican Gulf, over their pipe line

right of way, where we met Messrs. Oliver and Stevenson, of our company, going to Tepetate in one of the company's cars.

On Sunday, April 21, Mr. Moran returned to Tampico.

I may also state that during the night of April 16 our warehouse was broken into at Tepetate, where some six blankets were stolen.

I may also state that I was informed by the foreman in charge of the Aguila drilling camp at Tepetate that they were issuing from 50 to 75 meals per day to soldiers and were occasionally being mistreated. Similar information I also obtained from those in charge of the Haustteca camp at Juan Casiano.

I am, sir,

Respectfully, yours,

(Signed)

W. A. THOMPSON, Jr.,  
Vice President.

APRIL 1, 1918.

The honorable the SECRETARY OF STATE,  
Washington, D. C.

SIR: I have the honor of stating to you that we have substantial interests in the oil fields of Mexico and that these interest are owned and conducted through our subsidiary, the Texas Co., of Mexico, South America, with headquarters at Tampico, Mexico. Below I am taking the liberty of advising you of recent occurrences in connection with our operations in Mexico, which are reported to me by our Tampico office, substantially as follows:

One of our drilling operations is conducted at what we call our Camp Obando, which is located in the Chinampa section, State of Vera Cruz, west of Lobos Island about 20 miles inland from the coast.

On February 8, 1918, about 50 Carranzista soldiers came to Camp Obando and demanded horses, saddles, and a supply of provisions. They took four horses and one mule, but did not take any saddles on this visit. Our representatives fed these soldiers and on leaving they took with them rations for about 50 men.

Again on February 14 ten Carranzistas paid the camp another visit, taking the saddles and more provisions. They also searched the camp for arms.

On February 17 the same party again visited Camp Obando, demanding 15,000 pesos, clothing, and provisions. They were told that there was no money in the camp, and they were finally gotten rid of by giving them provisions.

This same party of Carranzistas again returned to Camp Obando on the night of February 22, about 9.30 p. m., and demanded money. On being told there was no money in camp, they insisted that there was, and threatened to kill unless their demands were complied with. At the point of rifles they finally secured 2,345 pesos from our employees and then departed. About five minutes later one of the party returned to our camp, stating that he wanted more money, as his associates had not given him his share of the money that had been stolen five minutes earlier. On being told there was no more money in camp, the robber threatened to kill all of our men unless his demand was complied with. Our employees finally overpowered this man, took his gun and cartridges from him, and drove him from Camp Obando. Being fearful of another visit that night, our employees then left Camp Obando, going to our Camp Tepetate, a few miles distant.

On February 12, 1918, our paymaster, Edward House, left the Government dock at Tampico, on the Panuco River, about 7.30 a. m., aboard the launch *Alex*. Mr. House had in his possession between 22,000 and 24,000 pesos, which he was attempting to take to the lower fields for pay-roll purposes. At or about 9 a. m., when near Santa Tomas, in the Chijol Canal, a few miles south of the Panuco River, the boat was attacked by seven bandits. Aboard the launch *Alex* were perhaps six or seven men, including the captain, pilot, and engineer. One of the bandits was stationed some 300 yards from the others, and on seeing the boat stepped up on the bank and fired several shots. The other bandits appeared and the boat pilot was signaled to come to the river bank, which he did. Paymaster House refused to give up the money in his possession and shots were exchanged. After the shooting was over and the robbers gone it was found that the pilot, captain, and engineer had disappeared. Paymaster House and the remaining members of his party then returned to Tampico in the launch *Alex* and reported the attempted robbery. It later developed that the pilot who took the launch down the canal and fled at the time of the hold-up had been shot through the left arm.

Although there had been a number of hold-ups of the paymasters of the various oil companies in the Chijol Canal, the following day Mr. House succeeded in taking our pay rolls and funds through the canal to our camps and returning to Tampico in safety.

Due to the danger of these hold-ups, representatives of the various oil companies held a meeting in Tampico on February 20, 1918, and decided that in sending their paymasters down the Chijol Canal it was desirable to send two or three launches at about the same time, with the idea that greater protection would be afforded.

On the morning of February 21, 1918, our launch *Alex-2* left Tampico at 7.30 in the morning, bound down the Chijol Canal, and ordinarily Paymaster House would have boarded this launch with his funds. Fearing the bandits might be lying in wait for him, he left Tampico a half hour later in the launch *Hoopla*, owned by the Metropolitan Co., and in company with their paymaster, Mr. Minnett, and other Metropolitan employees. A little later the Metropolitan speed launch *Thenedara* followed the *Hoopla*. At about 8.30 a. m. the launch *Alex* arrived at a point in the Chijol Canal about 2½ miles below the Panuco River and was fired into and stopped by bandits who demanded Paymaster House and his money. Mr. House not being aboard, the bandits robbed the other occupants of this launch. While this robbery was in progress the *Hoopla* arrived, and she was immediately fired into by the same bandits. Mr. Minnett and a launch boy were wounded, as a result of which the launch immediately came to the shore. The bandits demanded money and a number of boxes of silver were passed out by Mr. Minnett. A further demand was then made for gold. The gold coin belonging to the Metropolitan Co. was then handed over to the bandits. About this time Paymaster House appeared in the doorway of the cabin of the *Hoopla* with a shotgun in his hands. A fusillade followed, and Paymaster House, an American citizen, dropped dead, shot through the head. The party was robbed of about 15,000 pesos.

About this time the speed launch *Thenedara* came along and was fired upon, one of the launch boys being wounded. The launch kept going at full speed and Mr. Walter Prather, manager of the Metropolitan Co., who was aboard, was also wounded.

I am, sir,

Respectfully, yours,

(Signed)

W. A. THOMPSON, Jr.,

Vice President.

DEPARTMENT OF STATE,

Washington, April 3, 1918.

Mr. W. A. THOMPSON, Jr.,

Vice President of the Texas Co.,

17 Battery Place, New York.

SIR: The department acknowledges the receipt of your letter of April 1, 1918, relative to the interests in the Tampico district of the Texas Co. of Mexico, S. A., and to the seizure by Mexican soldiers of draft animals, money, and provisions belonging to the company. You also give an account of the recent killing of your company's paymaster, Mr. Edward House, by bandits, near Tampico.

In reply you are informed that, basing its action on reports received from the American consul at Tampico, the department in February last sent telegraphic instructions to the American Embassy at Mexico City, directing it to request the Mexican Government to take steps to apprehend and punish the bandits responsible for Mr. House's death. The embassy was also given instructions to make representations in the matter of the seizure of draft animals, money, and supplies belonging to American companies in the Tampico district.

A copy of your letter has been sent to the American Embassy at Mexico City for its information.

I am, sir,

Your obedient servant,

For the Secretary of State:

ALVEY A. ADEE,

Second Assistant Secretary.

[Circular No. 48, fixing the rates for the assessment of the tax on export petroleum during the bimonthly period of September and October, 1919.]

## CIRCULAR 48.

In conforming with the provisions of article 4 of the law of April 13, 1917, and decrees of June 30 and October 16 of the same year, this department has deemed proper to direct that for the assessment of tax on export petroleum during the bimonthly period of September and October the following rates shall govern:

Fuel oil, of a density of 0.91.....	per ton.....	\$13.00
Crude oil, of a density of 0.91.....	do.....	15.50
Oil of a density greater than 0.97.....	do.....	6.00
Gas oil of a density of 0.91.....	do.....	13.00
Refined gasoline, in bulk or packages.....	per liter.....	.12½
Crude gasoline, in bulk or packages.....	do.....	.11½
Kerosene, crude or refined, in bulk or packages.....	do.....	.07½

The rates of crude, fuel, and gas oil shall be increased or reduced in accordance with the provisions in section A of article 1 of the law hereinbefore quoted, and according to the order of this department dated April 17 last.

Constitution and reforms, Mexico, August 26, 1919.

LUIS CABRERA, *Secretary*.

## RATHBONE EXHIBIT C.

NEW YORK, N. Y., August 16, 1919.

MY DEAR MR. RATHBONE: Herewith the translation of the amparo decision, together with the papers you left with me. The nonappearance did no harm. This decision is very badly written and spreads itself all over the lot, but in substance it held that the question is one for the courts and not for the administrative authorities and throws in a lot of remarks about the decrees, which, while of interest, are not very important.

Very truly, yours,

BURTON W. WILSON.

Mr. CHAS. H. RATHBONE,  
120 Broadway, City.

NEW YORK, N. Y., August 18, 1919.

SCOTTISH MEXICAN OIL CO.,  
120 Broadway, New York, N. Y.

DEAR SIRS: In reference to the decision given by the first district court of the City of Mexico dismissing the amparo started by me against the acts of the Industry and Commerce Department who granted the drilling permit to Mrs. Isabel Hernandez de Barrera on land leased by us, I beg to state that the legal argument contained in such decision are far from legal and well founded.

The circular issued by the Industry and Commerce Department on the 5th of November, 1915, ordering that all the oil companies should make a manifestation of their properties, was not complied by us because while we acquired title in 1914, our title was not protocolized until 1918, and because administrative regulations can not, ipso facto, nullify rights legally acquired which can be legally enforced.

In reference to my not personally appearing the day appointed for the hearing, I have to state that as the court is very busy and does not take any notice of the oral arguments made on the day of the hearing, the attorneys as a rule prefer to present written pleas, which I did in the case, and copy of which was duly sent to Mr. Malda in this city.

The more I consider the case the more I am convinced that if the case was to be decided on its merits the decision would be entirely in our favor.

I remain as always, dear sirs,

Yours, most sincerely,

R. PARDO.

[TRANSLATOR'S NOTE.—Amparo is a proceeding unknown to American practice. It is a sort of habeas corpus in civil cases, which is virtually a request for a permanent injunction and in connection with which a temporary injunction may be granted by the court of first instance. An appeal lies from this injunction.]

The Citizen Lic. Ignacio C. Rodriguez, secretary by full right of the first court of the district in the Federal district, certifies that in the record of the suit of amparo brought by Lic. Rafael Pardo, attorney in fact of the Scottish Mexican Oil Co., against acts of citizen official mayor, in charge of the department of industry, commerce, and labor, for violation of articles 14 and 16 of the general constitution of the Republic, is found in a sentence which shows literally:

Mexico, July 21, 1919. Having been examined, this suit of amparo brought by Lic. Rafael Pardo in representation of the Scottish Mexican Oil Co. against acts of the official mayor in charge of the department of industry, commerce, and labor for violation of articles 14 and 16 of the constitution, and it appearing:

First. That by a document executed in the city of Tampico on the 29th day of April, 1910, Mrs. Isabel Hernandez viuda de Barrera, Mr. Henor Barrera, Mrs. Sabina Barrera de la Paz, and Mrs. Tomasa Barrera entered into a contract with Stuart M. Bowman for the subsoil of various rural properties, in virtue of which Mrs. Hernandez viuda Barrera declared herself to be the owner of a rural property and of lot No. 21 of Potrero de la Isleta, of the municipality of Panuco, Canton of Ozuluama, State of Vera Cruz. That in said contract there was granted to Stuart M. Bowman the right of exploration of the subsoil and of the exploitation of the products that might be found there and which were not expressly reserved for the reason of being denounced in accordance with the Federal laws on the subject, such as petroleum, asphalt, and other substances mentioned in the said writing.

That Bowman, using the rights conferred in the said contract under date of the 30th of July, 1910, and in accordance with the document executed in the city of New York, assigned his rights to the National Oil Co. of Mexico. That this company transferred these rights in turn to the Scottish Mexican Oil Co. by contract made and executed under date of the 24th of July, 1914, in the city of Wilmington, United States of North America, which contract was duly protocolized in this Republic. That by official communication No. 04117, signed by the department of industry and commerce, there was communicated to the petitioner, as representative of the Scottish Mexican Oil Co., that there had been granted to Mrs. Isabel Hernandez viuda de la Barrera permission to drill an oil well, No. 1, in lot No. 19, of Potrero de la Isleta, and that if the company believed that it had right to the same lot it should make its right effective before the competent judicial authority. That as this lot is the one which was formerly indicated by the No. 21 and in respect to which the company has the right which rises from the different contracts mentioned hereinbefore, under date of the 28th of December last, the company directed a petition to the department requesting a revocation of the permit, for the reason that it would be an injustice to oblige it as owner or lessee of the land covered by legal documents to institute a slow and costly suit in order to defend its rights, infringed upon by an individual through an erroneous manifestation made to the said department. That the latter disallowing this petition under date of January 6, and through the department of petroleum replying in an official communication, in which it was made known that it granted the permit to the Widow Barrera because she duly proved her rights in the lot in question, that on the other hand the Scottish Mexican Oil Co. is not registered in the department nor has it made any manifestation of its oil properties, either in accordance with the oil regulations or in conformity with the late decrees, for which reason the department consider that the permit granted should not be revoked, and that if the company considers its rights injured it should resort to the competent judicial authority.

That against this resolution which granted the permit before mentioned and the revocation of which was denied, the company asked protection from the Federal judges and the suspension of the act complained of as being in violation of articles 14 and 16, since the said orders of the department deprived the company of its properties, possessions, and rights without judicial determination by the courts under formalities essential to legal procedure and in conformity with existing laws, and also without determination of competent authority nor with legal justification for such determination. The company cites as foundation for its rights articles 2936, 2950, and 2952 of the Civil Code, which cover rights arising from contracts of lease. It appearing:

Second. The complaint having been presented, the court asked for a report from the department, which was made by the subsecretary of industry, commerce, and labor, who stated that the permission to drill, which is the subject of the complaint, was given by the proper agency to Mrs. Isabel Hernandez

viuda de la Barrera on the 15th day of October of the preceding year and was confirmed by the department on the 28th day of the same month in complete conformity with the provisions contained in the decrees of the 7th of January and the 28th of April, 1915. That concessionaire proved her right in the land on which the drilling was to be done and the permit was conceded to her without prejudice to third parties, by which the rights of the company were reserved in order that the company could establish them before the proper person, since the department was not competent to determine whether the complaining company has rights acquired by the lease on which it stands, a lease which, according to Mrs. Barrera, is invalid, is not able to reconsider its act in granting the permission and for this reason refuses to revoke it; that besides, the company has not complied with the provisions of the decree of the 5th of November, 1915, and the department having acted with complete accordance to the existing laws, and furthermore that the provisions of the Civil Code cited refer to the relationship between lessor and lessee but not to third parties, in which class the department is. It appearing:

Third. The complaining company produced as proof various public documents relating to contracts of rental, of which mention was made in the demand, and to-day being the day set for argument and neither party having appeared, it is proper to render this decision, after reading the proofs of the complainant and the public prosecutor. It is found: The responsible authority affirms in its report that the permission granted to Mrs. Isabel Hernandez viuda de la Barrera was in entire accordance with the dispositions of the decrees of the 7th of January and 28 of April, 1915, and since the complaining company did not comply with the provisions of the decree of the 5th of November of that year in order to protect its rights; that is to say, did not make record thereof nor present a manifestation in duplicate required by article 1 of said decree, with the result that this department, not having been advised as to what such rights are, could not consider them when a third person had presented deeds to the land. In addition, the department reports that the company has not complied with the late petroleum decrees. As a result it ought to be considered that the department is justified and has not violated the existing regulations in conceding the permit requested by Mrs. Barrera, leaving the right of the complaining company unprejudiced in order that they may be established in a proper suit, and inasmuch as the said department says that the provisions of the civil code cited control the relations between the contracting parties but do not bind outsiders.

Then, again, the complaining company has not shown that it has complied with the requirements of the existing decrees, which it is its duty to do in order that the proper department should be able to recognize its rights and for which reason this department has not been able to recognize them and from which it follows that its determinations have violated the constitutional rights, which were not preserved according to law and consequently are nonexistent, because of the foregoing this court, taking as a basis articles 103, fraction 1, and 107, fraction 10, of the constitution, 661, fraction 1, 662, 742, and 743, of the Federal code of civil procedure, decides: First. The justice of the Union does not protect the Scottish Mexican Oil Co. against acts of the department of industry and labor, consisting in having authorized, in favor of Mrs. Isabel Hernandez viuda de la Barrera, permission to drill oil well No. 1 in lot No. 19 of Potrero de la Isleta and in having refused to revoke such permit. Proper notice is to be given and the stamps that are lacking in the record are to be demanded. So it was decided, Citizen Lic. Pedro Castellanos Figueroa, first judge by right of the Federal district, at the hearing in which the parties did not appear. Evidence whereof (signed) Pedro Castellanos Figueroa, "In confirmation of the order entered this day and upon the petition of Mr. Lic. Rafael Pardo, attorney in fact of the Scottish Mexican Oil Co., is issued with stamps duly canceled according to law, in the city of Mexico on the 7th day of the month of August, 1919.

IGNACIO RODRIGUEZ.

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CASE OF THE SCOTTISH MEXICAN OIL CO. (LTD.) WITH COMMERCE AND INDUSTRY DEPARTMENT IN MEXICO.

I. The Scottish Mexican Oil Co. (Ltd.) is a British corporation incorporated under the companies (consolidation) act of 1905, at Edinburgh, Scotland, on the 5th of September, 1910. The certificate of incorporation was issued by Kenneth McKenzie, registrar of joint-stock companies, bearing No. 7653.



II. On the 29th of April, 1910, in the city of Tampico, State of Tamaulipas, Republic of Mexico, and before the Notary Public Cruz García Rojas, Mr. Stuart M. Bowman, a British subject entered into a contract of lease with Mrs. Isabel Hernandez, widow of Barrera; Mr. Henor Barrera accompanied by his wife, Mrs. Alberta de la Paz, Mrs. Sabina Barrera, accompanied by her husband, Mr. Dario de la Paz, and Tomasa Barrera, and by said agreement Mr. Bowman acquired the rights to explore and exploit the subsoil of certain lots owned by the Barrera family.

Among said lots were included in such lease the two following lots owned by Mrs. Isabel Hernandez vda. de Barrera, to wit:

(a) Lot No. 21 of Potrero de la Isleta, of the municipality of Panuco, district of Ozulama, State of Vera Cruz, Republic of Mexico, comprising a superficial area of 4 hectaras, 25 aras, and 23 centiaras, bounded as follows:

On the north by lot No. 22 of Potrero de la Isleta; on the south by lot No. 20; on the east by the lot belonging to Cecelio Torres; and on the west by the lot belonging to Henor Barrera and Canuto Perez. This land was acquired by Mrs. de Barrera through inheritance from her mother.

(b) A farm situated in Potrero de la Isleta, lying between the following boundaries:

On the north the farm belonging to Canuto Perez; on the south the farm belonging to Blas Bernal; on the east lot No. 21; and on the west the Panuco River, comprising a superficial area of 3 hectaras and a small fraction. This land was acquired by Mrs. de Barrera through inheritance from her grandfather.

III. The first attested copy of said lease was duly recorded as provided by the Mexican laws in the public register of Ozulama on the 18th of January, 1911, under the No. 11, folios 52 front to 56 back, of the corresponding book in section 3.

IV. On the 30th of June, 1910, by an agreement entered into in the city of New York, Mr. Stuart M. Bowman transferred and assigned to the National Oil Co., of Mexico, a corporation of Delaware, United States of America, all the rights which he held to exploit and explore the subsoil of the above-mentioned lots.

This agreement was duly protocolized in Mexico City on the 18th of December, 1913, before the Notary Public David Lazo, and the first attested copy of said protocolization was duly recorded in the mentioned public register of Ozulama on the 21st of January, 1914, under the No. 9, folios 21 back to 32 front, in the book of leases, section 3.

V. On the 24th of July, 1914, in the city of Wilmington, Del., United States of America, the National Oil Co., of Mexico, transferred and assigned to the Scottish Oil Co. (Ltd.) the same rights which the first-named corporation acquired from Mr. S. M. Bowman to explore and exploit the subsoil of the above-mentioned lots owned by Mrs. de Barrera.

This agreement was protocolized in the city of Tampico on the 24th of May, 1918, before the Notary Public Fernando Lachica y Flores; the first attested copy of the protocolization was duly recorded in the Public Register of Panuco because the Public Register of Ozulama was removed to Panuco.

VI. On October 12, 1918, the Tampico Tribune, a paper published in Tampico, reported that "Isabel Hernandez, widow of Barrera, has asked for a permit to drill on property between holdings of Penn Mex and that of Cia. Petrolera la Universal."

As all seemed to indicate that such permit referred to lot No. 21 of Potrero de la Isleta, the Scottish Mexican Oil Co. (Ltd.), through its agent in Tampico, asked information about this matter from the technical inspector of petroleum in that place. They were told that the above-mentioned permission has reference to lot No. 18, and when said agents called the attention of the inspector to the fact that lot No. 18 was under lease to the Cia. la Universal, he stated that the lady had reference to only a portion of said lot No. 18.

VII. The attorney at law of the Scottish Mexican Oil Co. (Ltd.) in Mexico City tried also by all means to obtain information from the commerce and industry department about this subject, but the department flatly refused to give it.

VIII. On the 28th of November, 1918, the agents of the Scottish Mexican Oil Co. (Ltd.) in Tampico were somewhat suspicious of the information given to them by the technical inspector of petroleum, and therefore visited the aforesaid lots and found drilling machinery thereon, and they discovered that the permit was not asked to drill on lot No. 18 as assured by the inspector, but to

drill on the farm adjacent to lot No. 21, both under lease to the Scottish Mexican Oil Co. (Ltd.).

IX. As the permission was applied for through the technical inspectorate of petroleum in Tampico, upon making inquiry of the inspector as to the first report given by him, he confined his answer to the statement that he had not seen the application, and that the report had been rendered by an employee.

X. Attention must be called to the fact that on the occasion of the first report of the inspectorate office they went so far as to show the agents of the Scottish Mexican Oil Co. (Ltd.) on the plan the exact place where they stated the well has to be drilled as per application, and which was at the back of lot No. 18, they at the same time informing that lot No. 21 and the adjacent farm leased to the Scottish Mexican Oil Co. were quite a long distance from said place.

XI. No official notices are published on these subjects, and in the technical office in Tampico they are very reserved about information that they give out only mentioning the main points of any matter without any sort of details.

XII. The attorney of the Scottish Mexican Oil Co. (Ltd.) of Mexico City was instructed by the officers of said company in New York as well as by the agents of the company in Tampico to immediately file a protest in the commerce and industry department against the issuing of said permit. This protest was filed on the 4th of December, 1918, as per the translation of the application thereof inclosed herewith.

XIII. On the 12th of December, 1918, the commerce and industry department decided on the application mentioned in the previous paragraph stating that the "Department granted a permit to Rodrigo Loyo, attorney for Mrs. Isabel Hernandez vda. de Barrera to drill the well No. 1 in lot No. 19, situated in Potrero de la Isleta, congregation of Paciencia y Ohuacate, municipality of Panuco, District of Ozuluama, State of Veracruz in virtue of that evidence was given before the same department of the rights held by the said Mrs. Hernandez vda. de Barrera to the lot in question. If the company which you represent believes to have rights on the same lot, it must prove this before a competent judicial authority; and if this authority decides that the widow of Barrera must not be allowed to undertake drillings on the lot referred to, this department will stop all the works and will withdraw the permit granted, which was done without prejudice of a third party representing better rights."

In view that the permit was issued to drill on lot No. 19 the agents of the Scottish Mexican Oil Co. (Ltd.) could investigate that a new plan of the Panuco oil region had been compiled and that some changes have been made in the number of the lots of Potrero de la Isleta, making what was formerly lot 21 now appear as 19. Such changes were made by agreement between the lawyers and landowners.

As the said protest did not meet with success a telegram as follows was addressed to the attorney of the Scottish Mexican Oil Co. (Ltd.) in Mexico City:

"Your letter December 16 to Tampico Navigation Co. We think you must give full evidence before commerce department of leases by which Scottish-Mexican holds right to exploit lot 21, now 19, and adjacent to Potrero la Isleta. If commerce department refuses again recognize our rights basing decision on our failure to comply with new oil decrees; bring amparo against such decision. Do you believe an "interdicto poseserio (similar to injunction) might be brought by the Scottish Mexican on account machinery placed on lots. Wire answer.

The attorney's reply was as follows:

"Your telegram to-day. December 28 presents petition industry department in your name pleading rights to lot 21; if not granted will file amparo. Consider doubtful obtaining success interdicto but might be intended (brought). Writing fully."

Translation of the application mentioned in the previous paragraph is attached hereto under No. 2.

XIV. On the 30th of December, 1918, the agents of the Scottish Mexican Oil Co. in Tampico had an interview again with the technical inspector of petroleum in said port and were informed by him, at the same time showing to them the respective plan, that the first well for which drilling permit was granted to the widow of Barrera is to be drilled on the farm adjoining former lot 21, now 19. He also informed that a period of three months was granted in which to commence the work of drilling, which would expire this month of January. He added that he can not interfere with the effects of the permit unless he is so authorized by the department of industry, or unless it be so ordered by some court. He further stated that as Mrs. Hernandez vda. de Barrera proved her ownership by means of the respective titles, and as she properly manifested and

denounced the land in accordance with the provisions of the decrees bearing on such procedure, bringing everything into apple-pie order, there was no reason for not granting her the permit. Also, that as the Scottish Mexican Oil Co., the last assignees of the lands, had not done any of the foregoing, it can not be taken into consideration in so far as the rendering of justice by them (the official of the inspectorate) is concerned.

On the 6th of this month of January the commerce and industry department answered the application of the 28th of December, 1918, filed by the attorney of the Scottish Mexican Oil Co. (Ltd.), as follows:

"Department of Petroleum No. 00048. Subject: Communication that the permit granted by the department to Mr. Hernandez vda. de Barrera to drill well No. 1 of lot No. 19 of Potrero de la Isleta is not withdrawn. Your application, dated December 28, 1918, in which you ask, as attorney at law of the Scottish Mexican Oil Co., to withdraw the permit granted to Mrs. Isabel Hernandez vda. de Barrera to drill well No. 1 of lot No. 19 of Potrero de la Isleta, which you state is owned by the company which you represent, was received. You are told in answer that the department granted to the mentioned Mrs. de Barrera a permit to drill because the said lady duly proved her rights on the lot in question. On the other hand, the company which you represent is not recorded before the department. It neither made any manifestation of their oil properties according to the oil dispositions nor according to the new oil decrees. In consequence, the same department deemed that the permit granted by the widow of Barrera must not be withdrawn, and therefore it does not withdraw it. If the company which you represent believes that its rights are harmed by the decision, it must apply in demand of justice before the competent judicial authority. As you ask in your application inclosed herewith, is the original of the attested copy sent by you, and a copy of same was attached to the respective file for the corresponding effects. Constitution and reforms, Mexico, 6th of January, 1919. The chief clerk in charge of the Secretary Leon Salinas (signed) to Señor Lic. Rafael Pardo, attorney of the Scottish Mexican Oil Co. (Ltd.), Avenue Uruguay 94.

"XV. The officials of the Scottish Mexican Oil Co. (Ltd.) in New York, in view of the decision of the department, addressed to Col. John M. Denny at Dumbarton, Scotland, on the 17th of January, the following telegram:

"Mexican Government denies our rights on very valuable Scomex lease-granting denouncement and drilling permit to Mexicans under new oil decrees, which are confiscatory. Mexicans drilling machinery now on lease. This is beginning of confiscation foreign oil properties held under titles dated prior to Mexican constitution of 1917. Please vigorously solicit protection from proper sources, cabling us instruction."

Col. John M. Denny's reply is as follows:

"Wire received. Approaching foreign office at once. Presume you are taking vigorous action corresponding office your side."

XVI. The issuing of the said permit by the commerce and industry department in Mexico in favor of the attorney of Mrs. Isabel Hernandez vda. de Barrera, and its refusal to recognize the rights held on the mentioned lots by the Scottish Mexican Oil Co. (Ltd.) as assignee of the contract entered into between Mr. S. M. Bowman and the Varrera family on the 29th of April, 1910, means the application of the oil decrees of July 31 and August 12, 1918, to which the Scottish Mexican Oil Co. (Ltd.) failed to comply, because their effect is the confiscation of the properties and rights legally acquired many years ago under the protection of the Mexican laws.

It is pertinent to remark that some information came to the Scottish Mexican Oil Co. that Engineer Alamazan, former technical inspector of petroleum in Tampico, was one of the parties interested in the above-mentioned drilling.

The above memorandum prepared by attorneys of Scottish Mexican Oil Co. (Ltd.), January 22, 1919.

SCOTTISH MEXICAN OIL CO. (LTD.),  
By C. H. RATHBONE, *Attorney in Fact.*

CASE OF THE SCOTTISH MEXICAN OIL CO. (LTD.) WITH COMMERCE AND INDUSTRY  
DEPARTMENT IN MEXICO.

[Translation No. 1.]

To the SECRETARY OF COMMERCE AND INDUSTRY.

Rafael Pardo, acting for the Scottish Mexican Oil Co. (Ltd.) and for Mr. S. M. Bowman, and I will give evidence of it as soon as I can obtain a second

attested copy of the power of attorney which they granted to me and which is filed in one of the district courts of this capital before you, I respectfully state:

"That on the 29th of November last I filed an application on behalf of the Tampico Navigation Co., inclosing an original telegram and translation of it by which I was instructed to protest against the report which the technical inspector could render, because drilling machinery was found on the lots of that company, which I represent.

The letter of the 18th of November mentioned in the telegram did not reach me, but lately I received another letter dated on the 27th of November last, in which more accurate explanation on the matter was given to me.

Some one, whose name I do not know, because the technical inspector refused to give it, filed an application before the inspectorate asking for a permit to make drillings on a lot of Potrero de la Isleta. As several of these lots, and among them lot 21 and other 3 hectaras without number, were leased by the family Barrera to Mr. S. M. Bowman, who later transferred said rights to the Scottish Mexican Oil Co. (Ltd.), the representative of that company having been unable to obtain information in regard to the exact place in which the permit had been granted because the inspector told him that the permit had been granted in regard to lot 18 and even showed the plan in which the well had to be drilled, the said representative asked one of the employees of the company to visit the lands and inquire the exact place where the drilling had to be made. Such place was in the farm leased from the Barrera family to Mr. Bowman and by this transfer later to the Scottish Mexican Oil Co. (Ltd.).

This last corporation through its representative, who also acted as "gestor," filed a protest before the technical inspector for having granted a permit on a land which did not belong to the application and by which act the rights legitimately acquired by Mr. Bowman or the Scomey were harmed.

In virtue of the foregoing, I rectify my previous petition of the 29th last under the terms stated in the present, and I formally protest against the permit to drill granted to the person who made the application, reserving the rights of the company and person which I represent, if the permit granted by the inspector should be declared subsistent.

I trust, however, that the authority to whom I address, acting with the rectitude and justification which is characteristic to him, shall order the inspector that this last render to him the accurate report which the case demands and that the said authority shall revoke the mentioned permission to drill.

Therefore I beg you, Mr. Secretary, to regard as filed the protest which this application states and decide that the permit granted unduly to drill the well on lands not belonging to the applicant is to be revoked.

MEXICO, D. F., December 4, 1918.

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[Translation No. 2.]

#### SECRETARY OF COMMERCE AND INDUSTRY:

Rafael Pardo, acting for the Scottish Mexican Oil Co. (Ltd.), which I prove with the attested copy of the power of attorney which I inclose herewith with a copy asking that the original be returned to me because I need it for other purposes, I respectfully state before you:

That by a communication, No. 04117, sent to me by the department of petroleum of that secretary on the 12th instant you advised me that the department of which you are head granted a permit to Mr. Rodrigo Loyo, attorney of Mrs. Isabel Hernandez vda. de Barrera to drill the well, No. 1, in the lot, No. 19, situated in the Potrero de la Isleta congregation of Paciencia y Ahuacate, municipality of Panuco, District of Ozuama, State of Veracruz, and he also advised at the end of said communication that if the company which I represent believes that it holds rights on the same lot it must prove it before the judicial competent authority.

According to the information received from the company which I represent, the lot marked now with No. 19 of Potrero de la Isleta is the one that previously was marked with No. 21 in the general plan of the oil properties in the Panuco region. The aforesaid lot No. 21 of Potrero de la Isleta, which has a superficie of 4 hectaras, 25 aras, and 23 centuo aras, bounded on the north by lot No. 12 of Potrero de la Isleta; on the south by lot No. 20; on the east by lot belonging to Cecillo Torres, and on the west by lots belonging to Señor Barrera and Canuto

Perez. It was leased from Mrs. Isabel Hernandez vda. de Barrera to Mr. S. M. Bowman by "escritura" (public document) granted in the city of Tampico on the 29th of April, 1910, before the notary licentiate Cruz Garcia Ropas. Mr. Bowman transferred his rights on the mentioned lot to the National Oil Co. of Mexico by "escritura" granted in the city of New York on the 20th of June, 1910, before the notary public Augustus P. Barranco, and it was protocolized in this city on the 18th of December, 1913, before the notary public licentiate David Lazo. The National City Oil Co. of Mexico transferred all its rights which it held on lot No. 21 and those on other properties to the Scottish Mexican Oil Co. (Ltd.) by "escritura" granted in the city of Wilmington, State of Delaware, United States of America, the 24th of July, 1914, and it was protocolized in the city of Tampico, Tamaulipas, on the 24th day of May, 1918, before the notary public licentiate Fernando Lachica Flores.

The attested copy of said escritura is attached to the corresponding file of suit of amparo, which I brought on behalf of the Scottish Mexican Oil Co. (Ltd.) before the first district court of this capital and from which I have asked a certified copy of said escritura to file it in this department.

As soon as said certified copy is filed the rights of the Scottish Mexican Oil Co. (Ltd.) to lot No. 21 of Potrero de la Isleta, now marked with No. 19 of said Potrero, will be proven in an indiscussable manner; it being so, then the department may check with the examination of the old and new maps and with the report and deeds filed by Mr. Rodrigo Loyo, attorney for Mrs. Isabel Hernandez vda. de Barrera, that the Scottish Mexican Oil Co. (Ltd.) is the lessee of the mentioned lot and therefore the permit granted to said Mr. Loyo to drill well No. 1 on lot No. 19 must be revoked, because it will be absolutely unjust and unfair that the owner or lessee of a land protected by a legal title should be obliged to bring an expensive action before the tribunals to maintain their rights harmed by a private person in virtue of a wrong manifestation made before this department.

In view of the foregoing, and when the certified copy of this escritura mentioned in this application is filed, I beg you, Mr. Secretary, to revoke the permit granted to Mrs. Isabel Hernandez vda. de Barrera to drill well No. 1, lot No. 19, before 21, of Potrero de la Isleta, which is owned by the company which I represent, is the justice which I demand.

RAFAEL PARDO.

MEXICO, December 28, 1918.

THE HISTORY OF THE

THE HISTORY OF THE

# INVESTIGATION OF MEXICAN AFFAIRS.

SATURDAY, SEPTEMBER 20, 1919.

UNITED STATES SENATE,  
SUBCOMMITTEE OF THE COMMITTEE ON FOREIGN RELATIONS,  
*Washington D. C.*

The subcommittee met, pursuant to adjournment, at 11.30 o'clock a. m. in Room 201, Senate Office Building, Senator Albert B. Fall presiding.

Present: Senators Fall (chairman) and Brandegee.

The CHAIRMAN. The committee has a request to make of the representatives of the press here, and that is that no item be sent out with reference to the name of the gentleman who appeared before the committee in executive session this morning. I will explain to you that just the giving of the name might possibly connect up some people now in Mexico so as to endanger their lives.

Mr. Williams, will you be sworn?

## TESTIMONY OF IRA JEWELL WILLIAMS.

(The witness was duly sworn by the chairman.)

The CHAIRMAN. Will you give your name, residence, and occupation?

Mr. WILLIAMS. Ira Jewell Williams; residence, 8203 St. Martins Lane, Chestnut Hill; business address, 1421 Chestnut Street, Philadelphia.

The CHAIRMAN. What is your occupation?

Mr. WILLIAMS. I am a member of the Philadelphia bar, member of the firm of Brown & Williams, formerly Simpson, Brown & Williams, composed at that time of Alex Simpson, jr., now a justice of the supreme court of Pennsylvania; Hon. Francis Shunk Brown, formerly attorney general of Pennsylvania.

The CHAIRMAN. In your professional capacity or otherwise, Mr. Williams, have you secured information with reference to Mexico or Mexican affairs, relating to any particular matters or subjects in general which are under investigation by this committee?

Mr. WILLIAMS. In 1918 I was elected president of the Panuco-Boston Oil Co., and shortly afterwards my attention was called to the new constitution of Carranza containing a number of radical and confiscatory features, especially article 27.

May I say, Mr. Chairman, that it should be clearly understood that I appear in answer to the exigency of a subpoena?

The CHAIRMAN. Certainly.

Mr. WILLIAMS. And that I am not appearing voluntarily, as anything that I say here will doubtless be taken against us in Mexico.

The CHAIRMAN. Certainly; that is understood. You are here in answer to a summons.

Mr. WILLIAMS. I might say I have here before me a telegram from our counsel in Mexico City, under date of September 6:

I had been promised permit covering construction in general, but oil department again sore account recent representations to State Department, Washington.

That telegram related to permits for construction work of the Atlantica Compania, one of the companies I represent, and our only representations to the State Department had to do not with relation to the delay in granting such permit but to the fact that our pay roll of \$10,000 had been stolen, and to the additional fact we were not granted drilling permits because of our refusal to acquiesce in article 27.

On the making of the Carranza decree of February 19, 1918—I may say that all the decrees pursuant to the constitution are embodied in a printed book issued by the Association of Oil Producers in Mexico, a copy of which I will file with the committee.

The CHAIRMAN. Very well, sir.

(The book was thereupon filed and marked "Williams's Exhibit No. 1").

Mr. WILLIAMS. On the making of the Carranza decree of February 19, 1918, providing that all petroleum properties must be manifested and that upon manifesting a preferential right to denounce would be obtained, a meeting was called at New York for the purpose of protecting the rights of Americans interested in petroleum properties. I attended such meetings from time to time.

The State Department on April 6, 1918, made a solemn protest against the violation of legitimately acquired private property rights in Mexico.

At the meetings held in New York it was the unanimous decision of those present that, as patriotic Americans and as self-respecting citizens, they could take no step other than to decline to acquiesce in those decrees.

On August 12, 1918, a modifying decree was issued providing that no manifestations need be made in the case of developed oil companies but the Government must be paid a rental of five pesos in addition to the royalty or share of the petroleum produced. By paying these rentals and royalties, one obtained a preferential right to execute a contract, the terms of which were not specified. The nonpayment of the rentals and royalties resulted in absolute loss of the property.

In his message to the Mexican Congress of 1918, Carranza urged the adoption of a petroleum law to "regulate" article 27 of the constitution.

Such a lengthy law was introduced but Congress adjourned without passing it.

Great Britain, France, and the Netherlands protested against the proposed confiscation.

The attitude of the petroleum men, while the war was on, was that they could not as patriotic Americans take any steps which



would acquiesce in the claim that the petroleum belonged to the Mexican nation and thereby endanger the supply of fuel to the allied forces.

Their attitude at all times has been that in good faith, in reliance upon the Mexican constitution and Mexican laws, they acquired properties which were legally theirs, either by purchase of the fee or by contract with private owners on a royalty basis, and that to attempt to deprive them of such properties was nothing but legalized robbery.

The present situation with regard to the *Atlantica Compania Mexicana Productora y Refinadora de Petroleo*—I always have to refer to the words in order to get it straight—is that their two leasehold properties, both taken from private Mexican owners, for which they paid large sums of money, have been denounced by others under article 27 and under the various Carranza decrees.

In order to exhaust our remedies under local law as required, as we understand, by international law, we have filed *amparos* and protests against the allowance of these denouncements. Our protests having been denied we have filed *amparos* in each case and have proceeded in a legal way in an effort to obtain an adjudication that our property could not be confiscated in this manner.

Our applications for permits to drill on our own leased properties have been refused solely on the ground that we had not manifested the leases in accordance with these decrees, so that we are in the position that we can not drill on our own properties and that those who have denounced properties may be able to drill unless the decision on the *amparos* should be favorable or there should be other relief.

When the matter first came to my notice I was shocked and horrified to find that owing to the fact that the Mexican censorship on news coming out of Mexico and the embargo placed by the State Department on the publication in this country of news from Mexico, the American public was practically in ignorance as to the true state of affairs in Mexico.

At any rate, as we see it, under the Mexican censorship nothing was allowed to come out of Mexico except that which was favorable to Gen. Carranza. The Associated Press and the American newspapers, acting patriotically on request from the State Department, refrained from publishing Mexican news which would tend to stir up feeling in America and precipitate trouble at a time when we were at death grips with Germany.

It was well understood that the lid was on Mexico. I made personal efforts to obtain the publication of the true facts relating to the petroleum question and was refused on this ground. Meantime all sorts of statements were emanating from Mexico City. From time to time the statement was made that there was no confiscation, that we were refusing to pay taxes, when the only thing we were refusing to pay were rentals and royalties, the payment of which would be an acquiescence in the decree and might deprive us of our rights under both municipal and national law.

The press, because the lid was on, would not publish even simple statements of fact relating to the provisions of article 27, the Carranza decrees, and the necessary effect of same. Meantime all sorts

of statements were emanating from Mexico City. Assurances were given again and again that there had been no confiscation and that there would be no confiscation.

To these statements we attempted to make reply through the newspapers, setting forth the exact facts.

Then the motives of the American petroleum men were assailed. It was charged that they were anti-Carranzistas and interventionists, eager to bring on war with Mexico for their own private advantage. The repeated murders and outrages of Americans in Mexico were not permitted to be published in American papers.

Finally the State Department took the lid off Mexico, and Associated Press dispatches so announced. Since then, and at all times, the only effort of the petroleum men has been to bring to the attention of the American public the true facts as they exist, usually by signed statements made to the newspapers over the name of the association, and in addition by a few pamphlets authoritatively issued and signed by the authors. Our only aim was to attempt to bring to the attention of the American public the fact that the properties were legally, rightfully ours, and that the Mexican Government was attempting to take them away from us.

Each new decree, or each new regulation, was heralded in press dispatches from Mexico City as having furnished the final solution of the problem and afforded entire and exact justice to the petroleum interests. Each of these assertions was false and an effort was made to answer them by denials.

Additional drilling permits were applied for on properties which had been leased prior to May 1, 1917. Such permits were refused solely because manifestations were not filed. That is to say, permits could not be obtained unless we admitted that we did not own the property.

Amparos were filed in the Mexican courts against the refusal of the permits, and in order to test by an overt act the confiscation several of the companies proceeded to drill without permits.

My own company, the Panuco-Boston Oil Co., was notified to stop drilling, and fined 500 pesos. We brought amparo against the fine and the contractors proceeded with the drilling, and thereupon the drilling was stopped by military force.

I have made a chronological statement in detail of the exact facts with respect to what happened in that connection.

In the latter part of February, 1919, application was made to the inspector for a permit to drill. The inspector stated that the oil company would have to define its position fully and definitely regarding the existing decrees. A reply was delivered to the inspector which stated that so far as the physical requirements were concerned the company would comply with all the regulations imposed by the Mexican Government, but that the company did not recognize the power of the Government in any way to change and alter the rights which it possessed by virtue of its lease contracts, and that it did not abide by the decrees which tended to deprive the company of any rights.

Under date of March 20, 1919, the department of industry, commerce, and labor at Mexico issued the following circular concerning the drilling without permission and making confiscation of the wells the penalty therefor:

This department has had notice that some of the oil companies and private individuals devoted to the oil industry, especially those who refused to make manifestations in accordance with the decree of July 31, 1918, covering taxes on oil lands and oil contracts, have drilled oil wells without the corresponding authorization or permit.

We hereby call the attention of the companies and private individuals interested in the development of deposits of petroleum contained in the subsoil of the national territory that, in accordance with the decree issued in Vera Cruz on the 7th of January, 1915, by the first chief of the Constitutional Army, in charge of the executive power of the nation, and still in force, you are prohibited from drilling wells and doing any work related with the development of oil deposits without previous authorization of the Federal executive being granted through conduct of this department.

We hereby give notice to the companies and private individuals who have drilled oil wells, or who will drill in the future, and in general to those who have done work or will do work related with the petroleum industry that, without having previously obtained due authorization from the Federal executive, through conduct of this department of industry, commerce, and labor, the penalties established in said decree will be applied to infractors of the regulations contained therein. (Constitution and reforms, Mexico, Mar. 20, 1919.)

On April 24, 1919, the local manager of the Panuco-Boston Oil Co. received a communication from the inspector at Tuxpam notifying the company that the department in Mexico City had definitely refused the company's request for a drilling permit.

Drilling was continued and during the latter part of May the company was ordered to cease work immediately and pay a fine of 500 pesos. On May 28 the assistant inspector ordered the work stopped. The man in charge told him that he could not stop without direct authority from the Panuco-Boston, but did shut down for about half an hour until the inspector had left the property, when work was again started.

Letters were written by the Panuco-Boston Oil Co., under date of May 28 and May 29, to the State Department at Washington, D. C., complaining of the action of the Mexican Government in its efforts to enforce its confiscatory petroleum decrees notwithstanding all protests.

A telegraphic reply was received from the State Department at Washington, D. C., on May 31, stating that appropriate telegraphic instructions had been sent to the American Embassy at Mexico City concerning the Panuco-Boston affair.

Under date of June 5, a letter was received from the Acting Secretary of State, acknowledging receipt of a copy of a circular from the petroleum bureau, and a copy of an opinion of Mexican counsel relating thereto. In this letter the Assistant Secretary said:

In reply you are informed that if the Panuco-Boston Oil Co. has good reason to believe that the Mexican Government is proceeding illegally in its dealings with this company, it should apparently take measures to test the matters in the courts of Mexico.

In the early part of June the local manager received notice that the drilling must cease at once or that it would be stopped by force, which orders were said to come from Gen. Carranza. The Acting Secretary of State was advised of this by telegram dated June 9.

On June 10 the drilling was stopped by military force. Gen. Ricardo Gonzalez, accompanied by another army officer and one of the local inspectors, went personally to the leased property and issued peremptory orders that drilling must stop, and that the superintendent and any others connected with the work should be arrested if

drilling was resumed. The drilling in question was being done under contract.

On June 13 a telegram was sent to the Acting Secretary of State, telling him drilling had been stopped by military force, because the company had not obtained a permit, which permit had been refused solely because of noncompliance with petroleum decrees against which the department had repeatedly protested as confiscatory.

Under date of June 13 a telegram was received from the Acting Secretary of State stating that the American Embassy at Mexico City had been telegraphically instructed to report results of action taken by it.

Under date of June 19 I wrote to the Acting Secretary of State, laying the matter before him, and showing, beyond doubt, that so far as the Mexican authorities were concerned, confiscation has actually taken place, and advising him that, in accordance with the general understanding, local remedies would be exhausted by making application in Mexico City for a revision of the act of the subordinate who stopped the drilling and, if unsuccessful, by bringing amparo proceedings in Mexico City.

A telegram under date of June 21 has been received from the State Department at Washington, reading as follows:

Your telegram June 13 despite this Government's efforts to avert such action department is informed by American Embassy, Mexico City, that President Carranza has issued orders to stop all drilling of oil wells except where permits have been obtained. Department has instructed embassy to protest against such order.

It is apparent that the only reason for the refusal to grant the permit was the failure of the Panuco-Boston Oil Co., by filing its "manifestacion," to acquiesce in the Mexican claim of ownership of its property, yet the secretary of commerce and industry of Mexico issued the following official statement, which was later published in the Mexican Review for August, 1919:

All petroleum enterprises operating in Mexico are compelled by law to file a statement of the properties which they possess, with the object of assessing the amount of taxes which they ought to pay thereon, in accordance with the decree upon this subject promulgated by the Secretary of the Treasury. The companies which claim that the tax in question is confiscatory have refused absolutely to file these statements alluded to, and which would also serve to effectively prove the possession of the lands which figure in their contracts. It is believed that the probable cause for this refusal is that many of these lands have not been legally acquired and the companies fear they may be dispossessed of them on this account. The companies that have not respected the directions of the Secretary of Industry are operating irregularly and for that reason they have been forbidden to pursue their development work, such as the sinking of wells, which is an act of absolute justice, since they have put themselves beyond the law. The Aguila Co. (and others as well) has made the regular manifestation of its properties that is required, accompanied by the documents showing its ownership of the lands which it possesses, but although it has not paid a cent of the taxes imposed, permission to sink new wells has not been denied it, not to exploit those already in production. It can be seen that it is the palpable desire of the petroleum companies that refuse to make the manifestation required to falsify the acts and requirements in order to create a bad impression against the Mexican Government, and hence they unjustly accuse it of inaugurating the work of confiscation of the lands of foreign companies.

All of the companies which comply with the orders of the Government enjoy, as is natural, all the privileges which they may ask, but this does not apply to those which demonstrate hostility.

Mr. WILLIAMS. Gen. Aguilar, governor of Vera Cruz, came out with a statement that drilling had not been stopped by military force, and I wrote to the New York Times a statement setting forth the facts, including a telegram from the State Department stating that their efforts and protests had been ineffectual. That communication is under date of July 3, 1919, and is signed by me as president of the Panuco-Boston Oil Co. It referred to Gen. Aguilar's statement that drilling had not been stopped and gave the true facts in respect to the matter and quoted a telegram from the State Department, reading as follows:

Your telegram June 13. Despite this Government's efforts to avert such action department is informed by American embassy at Mexico City that President Carranza has issued orders to stop all drilling of oil wells except where permits have been obtained. Department has instructed embassy to protest against such order.

FRANK L. POLK,

*Acting Secretary of State.*

I might say, Mr. Chairman, that that was not published until I had by telephone obtained the permission of the State Department to do so.

The Mexican authorities attempted to confuse a plain issue of right and wrong by repeated misstatements and baseless charges, which were eagerly adopted by certain papers, notably the socialistic New York Call and the Liberator.

Coming now to some of the pamphlets which have been issued, Mr. Frederick R. Kellogg, the general counsel for the Mexican Petroleum Co., prepared an article for The Nation of October 5, 1918, called "The Mexican oil problem."

So far as the facts stated therein are within my knowledge they are exactly accurate, and so far as they are matter of information I believe it to contain the exact truth and nothing else. This little pamphlet was printed for publication among the oil companies.

May I file a copy with the committee?

The CHAIRMAN. If you please.

(The pamphlet was filed with the committee and marked "Williams Exhibit No. 2.")

Mr. WILLIAMS. In answer to an attempted justification or condonation of petroleum confiscation in Mexico I published one or two articles in The Nation, which published at the same time an answer prepared by the original author, and when I wrote a rejoinder The Nation declined to publish it.

The Nation afterwards, without further inquiry from me or effort to permit me to reply, attacked me as disingenuous because, as I understand it, I had not stated that I was interested as president of the Panuco-Boston Oil Co.

I assumed that they were familiar with who I was before they would ever publish the article, and they could easily have obtained the exact information from Who's Who, or elsewhere.

When the Mexican Government filed their answers to the amparo proceedings brought by the various oil companies Judge Amos L. Beaty, general counsel of The Texas Co., was asked to examine the answer and to make such comments as he deemed proper on that part of the answer which attempted to invoke principles of American law and American decisions as tending to support the right of the Mexican Government to confiscate the petroleum properties of Americans.

Judge Beaty prepared such a document and it was subsequently printed for distribution among the oil companies and otherwise. I file a copy with the committee.

(The pamphlet was thereupon filed with the committee, marked "Williams Exhibit No. 3.")

Mr. WILLIAMS. For the Journal of the American Bar Association of January, 1919, I prepared a short article entitled "Confiscation of the property of foreigners under color of a changed constitution," attempting to point out that the Mexican people had no power by reason of a changed constitution to affect the private rights of property of foreigners.

I will file that with the committee.

(The pamphlet was thereupon filed with the committee, marked "Williams Exhibit No. 4.")

Mr. WILLIAMS. In February, 1919, I was asked to say some words before an organization called Council of Foreign Relations in New York on the subject of "Mexico to-day and to-morrow." I subsequently had the remarks printed for distribution. I will file that.

(The pamphlet was thereupon filed with the committee, marked "Williams Exhibit No. 5.")

In addition, I wrote letters to the newspapers attempting to set forth the same facts as to the attempted confiscation, but many of these letters were not published.

The CHAIRMAN. You are filing one that you prepared now?

Mr. WILLIAMS. Yes, sir; I file the letter of July 3, 1919, printed in the New York Times.

(The letter referred to is as follows:)

To the EDITOR OF THE NEW YORK TIMES:

Gen. Aguilar's statements (it may be through some fault of translation) are flatly contrary to fact. On May 27, 1919, the manager of the Panuco Boston Oil Co., was ordered immediately to cease work on its Panuco well and notified that a fine of 500 pesos had been imposed. On May 28 the assistant inspector for the district called at our lease and ordered the work stopped. Our superintendent informed him that he could not stop without direct authority from the company. If the work was stopped by force before we were able to cement, there would be a strong likelihood that the hole would be lost by caving. It was stated that the orders to stop drilling by military force were issued by Gen. Carranza himself.

The United States State Department was kept fully advised as to developments, and we were informed that protests were made against the confiscatory action of the Mexican Government. On June 10 the Carrancista soldiers came to the lease and stopped drilling, ordering arrest in case the drilling was resumed. I have received the following telegram from our State Department:

"Your telegram June 13, despite the Government's efforts to avert such action department is informed by American Embassy, Mexico City, that President Carranza has issued orders to stop all drilling of oil wells except where permits have been obtained. Department has instructed embassy to protest against such order.

"FRANK L. POLK,  
"Assistant Secretary of State."

In view of the fact that Gen. Aguilar is in direct control of the Carranza forces in the State of Vera Cruz it is impossible to believe that he is not familiar with the actual status in respect of Carranza's orders and the stopping of drilling by military forces.

In a few words, the exact situation is that by a military decree of 1915 a drilling permit was required. Subsequently to the adoption at Queretaro of the Carranza constitution of 1917, at a time when a large part of Mexico was in arms against Carranza, it was declared that the nation had direct dominion

over petroleum, contrary to the prior law under which the right to exploit petroleum belonged to the owner of the soil. Numerous attempts have been made to eliminate any question of international right by forcing the American lessees of privately owned lands to acquiesce in the confiscation of their rights. The latest move adopted has been to refuse a permit unless there is compliance with the petroleum decrees, compliance with which would mean abandonment of our rights.

The attempt was made first during the height of our war with Germany, in the obvious effort to embarrass and hamper the Allies and to aid the Central Powers. So long as the paper constitution and the paper decrees were not carried out by force and the companies were permitted to remain in possession and control of their properties the American State Department apparently were of the opinion that no overt act of confiscation had been committed. Now, Americans holding valid oil leases entitling them to drill are prevented from drilling by force of arms solely for the reason that they will not acquiesce in the confiscation of their leases. And Gen. Aguilar, son-in-law of Gen. Carranza, assures the American public, through the columns of your paper (a) that President Carranza has issued no such orders, and (b) that no drilling has been stopped by military force.

IRA JEWELL WILLIAMS,  
*President Panuco Boston Oil Co.*

PHILADELPHIA, July 3, 1919.

Mr. WILLIAMS. Perhaps the most important document which was prepared by the association was this large document called The Mexican Oil Question. It had two forms or editions, the same subject matter being differently arranged, as the thought was with a more convenient method of arrangement.

I will furnish the committee with both forms. In one the documents are attached as exhibits; in the other the narration is chronological with the documents interspersed in the text.

(The pamphlet was thereupon filed with the committee marked "Williams Exhibit No. 6.")

Mr. WILLIAMS. On June 26, 1919, I made a short speech before the Latin American division of the Missionary Centenary of the Methodist Episcopal Church at Columbus, Ohio, entitled "Our duty in Mexico." This speech I have had printed and it has not been distributed. I believe it to contain exact facts, and I sincerely believe the deductions which are contained in it.

The CHAIRMAN. You may file it.

(The pamphlet was thereupon filed with the committee marked "Williams Exhibit No. 8.")

Mr. WILLIAMS. I may say that no misstatement or incorrect statement has been made at any time, to my knowledge, by the American petroleum men in respect to the Mexican situation and their difficulties there. What they have done has been solely to try to get before the American public the true facts with regard to what has occurred.

Of late a careful record has been kept of the various outrages, murders, assaults, and robberies. During the war there were times when it seemed almost impossible to keep the men in the oil fields. They were unarmed. Carranza refused to permit them to be armed, and they were exposed to attack and murderous assault by any Mexicans having arms. If it had not been for their patriotism and bravery, the supply of oil from Mexico would have ceased. Eleven of them made the supreme sacrifice in a single year, and those who died never had a "sporting chance."

The robberies of pay rolls and the murder of paymasters became so frequent that we asked the Mexican Government for the privilege

of using aeroplanes for the purpose of transporting the pay rolls. This was refused.

Mr. Chairman, the fact which struck me in connection with my whole relation with the matter as perhaps of the greatest importance and interest is, that, while there appeared to be authentic records of the murder of perhaps 500 Americans in Mexico within the last nine years, I have been unable to obtain any authentic record of the murder of a single German in Mexico.

I have heard rumors of the murder of four Germans which I have tried to trace down, and the fact has been denied. I may be inaccurate at to the number.

The CHAIRMAN. Those rumors were concerning the murder in the early days of the revolution of Germans at Panuco?

Mr. WILLIAMS. I believe that was it.

The CHAIRMAN. A demand being made on the Madero government for reparation by the German Government.

Mr. WILLIAMS. And afterwards, I believe, there were executions—the rumor was that there were executions in connection with it.

The CHAIRMAN. I never heard of that.

Mr. WILLIAMS. But I was unable, Mr. Chairman, to get any satisfactory verification in connection with it.

None of our employees have been murdered, but some of them have witnessed murders. On July 24, 1919, I received from Mexico a statement signed by eyewitnesses of the murder of an American named Le Roy Moye, on July 1, 1919, at the camp of the Mexican Gulf Co. It seems to be a somewhat typical instance, and if the committee is interested, I will give the facts. They are very brief.

The CHAIRMAN. We would be glad to have them.

Mr. WILLIAMS. On the evening of July 1, last, an American by the name of Le Roy Moye was killed by Mexicans at the camp of the Mexican Gulf Co. An employee of La Atlantica Co. was an eyewitness to the affair. The band of Mexicans, composed of eight armed men, arrived at the Cortez camp about 7 o'clock and demanded 20,000 pesos, and threatened to kill an American by the name of Sweeney, superintendent of the camp, if he did not produce it immediately. In an effort to get the money and save his life, as well as the lives of the other two in the camp, Sweeney went with the Mexicans to the Mexican Gulf camp. There he left the Mexicans under pretense of going to his employers to get the money demanded. The Mexicans threatened to shoot Ibarra because Sweeney did not come back with the money. They beat him to the floor and were about to shoot him. Le Roy Moye, an American present, protested and interfered. Thereupon the Mexicans immediately shot and killed Le Roy Moye. The bandits then made Ibarra lead them back to Cortez camp, threatening him along the line. Upon arriving at the Cortez camp they robbed it of everything available and left hurriedly.

I have before me a letter from a British engineer dated July 19, 1919, telling of his recent experiences in Mexico. Being obliged to declare his effects at the customhouse, he was held up by bandits in the Tamiahua Canal, between the Panuco River and the lagoon; their Mexican assailants asked for the English engineer's suitcase, describing it. There was ample time to have reached the bank of



the canal from the customhouse and intercepted the launch, whose course was roundabout. The engineer says:

The whole circumstances of the robbing confirm the views held locally that the bandits are in league with the customs officials.

And again:

The conditions up country are very unsafe. At any time the attitude of troops toward travelers is dependent on the momentary whims of an officer commanding an undisciplined mob who revel in bloodshed and brutality. Any action can be construed as unfriendly to one side or the other if a quarrel is sought, and the slightest obstruction to wholesale requisitions is resented. Carrancista patrols usually shoot at sight on the less frequented roads, so that one is always subject to danger when away from well-known settlements. We were simply fortunate in evading drunken stragglers or especially malicious units who take a pleasure in humiliating an unarmed interloper whose government they know will extend him no protection.

Fearing reprisals, the engineer, a very distinguished gentleman, desires his name to be withheld.

On Wednesday, July 16, 1919, at about 3 o'clock p. m., the pay roll of La Atlantica Compania was robbed by six armed Mexicans of 11,159.74 pesos in gold and silver Mexican coins, from its plant at Guayabalillo.

In order to transport pay rolls we are obliged to give information in advance to the Mexican authorities, and I am informed there have been instances in which the least fractional currency of the amount of the pay roll has been demanded by bandits who have held up the paymasters.

The Mexican Government recently, in a communication relative to this matter, has suggested that the paymasters may be in collusion with the bandits, to which a reply has been made by the association, through the State Department, that our paymasters are tried, true, respected, responsible men, and that such an accusation is wrong to the living and a slur upon the dead.

In November of 1918, La Atlantica Compania was obliged to deposit 5,000 pesos with the customs at Tampico. This sum should have been returned to the company, but was not on the plea that it had been stolen. We have made every effort since to obtain the return of the money. At one time, my understanding is, that the amount was ordered paid to us, but subsequently the order was canceled, and we have never been paid. We recently received word—day before yesterday I learned of the last robbery in the oil regions—that of the Aguilar Co. on September 6, of 72,000 pesos Mexican. This occurred in territory supposed to be under the control of Carranza, 2 kilometers from Maranjos, that being a Carranza garrison point.

I assume, Mr. Chairman, it will be unnecessary for me to give any details. These dates and facts in regard to the stoppage of drilling I need not give. I have given the substance of it and the facts that the military came upon our property and actually stopped the work being done by contractors, and then gave orders that if anyone went ahead with such drilling they would be arrested.

The CHAIRMAN. The military referred to are the Carranza military, of course?

Mr. WILLIAMS. The Carranza military; it being stated that it was done under the secret orders of Gen. Carranza himself. This was

done, although if the work was stopped by force before we were able to cement there would be a strong likelihood that the hole would be lost by caving.

Now, I think the facts are as stated, Mr. Chairman. The Mexican authorities have issued an apparently official statement, which was published in the Mexican Review, the organ of the Mexican Government, for August 19, 1919.

The CHAIRMAN. The Mexican Review is also called *La Revista Mexicana*?

Mr. WILLIAMS. Yes, sir.

The CHAIRMAN. Published by Mr. Weeks?

Mr. WILLIAMS. Mr. Weeks. I saw this myself in the issue of August 19, 1919, and this is the official statement:

All petroleum enterprises operating in Mexico are compelled by law to file a statement of the properties which they possess, with the object of assessing the amount of taxes which they ought to pay thereon, in accordance with the decree upon this subject promulgated by the secretary of the treasury. The companies which claim that the tax in question is confiscatory have refused absolutely to file these statements alluded to, and which would also serve to effectively prove the possession of the lands which figure in their contracts. It is believed that the probable cause for this refusal is that many of these lands have not been legally acquired, and the companies fear that they may be dispossessed of them on this account. The companies that have not respected the directions of the secretary of industry are operating irregularly, and for that reason they have been forbidden to pursue their development work, such as the sinking of wells, which is an act of absolute justice, since they have put themselves beyond the law. The Aguila Co. (and others as well) has made the regular manifestation of its properties that is required, accompanied by documents showing its ownership of the lands which it possesses, but although it has not paid a cent of taxes imposed permission to sink new wells has not been denied it, nor to exploit those already in production. It can be seen that it is the palpable desire of the petroleum companies that refuse to make the manifestation required to falsify the acts and requirements in order to create a bad impression against the Mexican Government, and hence they unjustly accuse it of inaugurating the work of confiscation of the lands of the foreign companies.

All of the companies which comply with the orders of the Government enjoy, as is natural, all the privileges which they may ask, but this does not apply to those which demonstrate hostility.

Whereas the fact is that by filing the manifestations called for there would be an acquiescence in the confiscatory provisions of article 27 and the Carranza decrees which might deprive us of our rights both under Mexican law and international law.

I prepared a reply setting forth the facts, and while the American newspapers—some of the American newspapers published the official statement, which also appeared in the American Review, I was unable to obtain—I have thus far been unable to obtain—the publication of the reply which contained the exact facts.

The holdings by Americans in petroleum-producing territory in Mexico were obtained from private owners, the rights being either in fee or leasehold. Under the constitution and law as they existed for many years such rights were absolute and indefeasable. By the new constitution of 1917, among other radical measures advocated by Carranza, it was attempted to "nationalize" petroleum.

The CHAIRMAN. Now, right there, prior to the adoption of this constitution of 1917, were there any decrees issued by Mr. Carranza referring to these oil holdings?

Mr. WILLIAMS. There was. There was a decree of 1915 issued at a time when, as the chairman will recall from Mexican history, the tenure of Gen. Carranza and his authority were extremely limited, to the effect that no well should be drilled except on a permit being obtained.

The CHAIRMAN. No well on private property or anywhere else?

Mr. WILLIAMS. Whether on private property or elsewhere. It was largely out of the clear sky.

The CHAIRMAN. There was no law on the statute books of Mexico or no constitutional provision at that time for the necessity of obtaining any such permit, was there?

Mr. WILLIAMS. Nothing whatever; and yet the stopping of our drilling by soldiers is based upon that decree of Gen. Carranza of 1915, issued prior to the constitution of May, 1917.

The CHAIRMAN. All right. Pardon my interruption. Go ahead, sir.

Mr. WILLIAMS. Gen. Carranza issued certain decrees affecting to put into effect this confiscatory provision. The United States, as well as Great Britain, France, and the Netherlands, protested against article 27 and the decrees as confiscatory.

Among other things, the decrees called for filing of "manifestaciones" by the companies as a basis for computing "rentals and royalties" on the announced theory that the petroleum by virtue of the new constitution belonged to the nation and not, as previously, to the private owners.

The CHAIRMAN. That is, petroleum upon private lands?

Mr. WILLIAMS. Upon private lands.

The CHAIRMAN. That has no reference to the national lands of Mexico?

Mr. WILLIAMS. None whatever.

The CHAIRMAN. Of course, the oil men, as I understand, naturally recognize the right of the Mexican Government to pass such rules, regulations, orders, or decrees or constitutional provisions as they wish with reference to the national property of Mexico?

Mr. WILLIAMS. Absolutely. All the oil wells, all the producing oil wells, in Mexico are on private lands, either owned in fee by the petroleum companies or under leases from private owners. All antedate the constitution of May 1, 1917.

With practical unanimity the Americans decided that to file manifestaciones in compliance with the decree as showing ownership of their petroleum properties, the decree requiring the manifestaciones as the basis for computing "rentals and royalties," would be an acquiescence in attempted confiscation and would nullify and make ineffective the protest of the American Government against such confiscation and such confiscatory decrees.

The CHAIRMAN. Pardon me just there. This requirement as to the manifestacione is based upon the claim of the Mexican Government that it owns the oil upon private lands?

Mr. WILLIAMS. Absolutely.

The CHAIRMAN. And you fear that if you acquiesce in the demand and file the statements required it would be a recognition of their right to claim the subsoil products or the oil under the privately owned lands?

Mr. WILLIAMS. That was the view—I believe the practically unanimous view, if not the unanimous view—of the Mexican counsel and also of the American counsel.

The suggestion that the reason for not filing the manifestaciones was a fear of the weakness or invalidity of titles is wholly out of the air. The reason, and the only reason, given by the Mexicans has been that permits were refused because manifestaciones had not been filed. The titles obtained by the Americans in many instances extend back hundreds of years; they are all complete record titles under the Mexican system, and in any event they would be open to attack only by adverse interests, not by the Government.

That the purpose in requiring manifestaciones was in the effort to obtain an acquiescence by the Americans in the confiscatory measures and decrees of Mexico is shown by the following telegram recently received from Mexico City under date of August 5.

Newspapers to-day publish circular authorizing companies which did not manifest to explore and exploit oil under promise to abide by petroleum law when issued by Congress.

In other words, there was an additional regulation issued, the text of which I saw afterwards, to the effect that even if we did not manifest, if we were willing to sign an agreement that we would acquiesce in the petroleum law when it was issued, then they would let us drill on our own property.

The CHAIRMAN. Yes. In other words, so far, these laws to which they appeal are merely presidential decrees, and they have agreed with you that you might avoid the consequences of one of those presidential decrees, provided you would file a written agreement that you would abide by any law to be thereafter enacted by the Congress of Mexico, although that law itself might be in line with the decrees?

Mr. WILLIAMS. Yes.

The CHAIRMAN. And might be in effect, or in words, a claim of title in the Mexican Government to the petroleum.

Mr. WILLIAMS. Yes; we have no possible way of knowing in advance the terms of the proposed law.

I might say, sir, that my understanding is that Congress subsequently did pass an act ratifying Gen. Carranza's—affecting to ratify Gen. Carranza's—proposed decrees, notwithstanding protests had been entered by the United States against such decrees.

The companies have declined to agree in advance to the terms of a petroleum law with the provisions of which they are unfamiliar. The new circular, however, demonstrates the purpose and intent of Mexico to be, at all hazards, to attempt to obtain the acquiescence of the Americans in the confiscatory plan in the proposed confiscation. The circular does not require a manifestacion, but contemplates drilling permits provided we will agree to the new law when enacted. Against such a law as confiscatory, the American and other Governments have unanimously protested. To agree to such a law would be to make such protest valueless and to deprive the United States of the great advantages which flow from control of petroleum by Americans. The properties were ours prior to the new "constitution," and will continue to be ours in equity and good conscience and international law unless, perhaps, we can be forced to admit that they are not our properties.

Recently, Mr. Chairman, the matter has been brought to my attention in connection with men going into Mexico for the purpose of performing services there; the vice consuls have refused to visé the passports to Tampico unless the applicant would sign the following form—

The CHAIRMAN. We have that, I may say, Mr. Williams, in the record, and we also have in the record a letter to one of those applicants from the State Department of this Government.

Mr. WILLIAMS. Yes, sir. I have a telegram here.

The CHAIRMAN. We would be glad to have that.

Mr. WILLIAMS. It is perhaps a little different. In reply to an inquiry of the State Department on this subject, I received the following telegram:

Replying to your telegram September 4 and confirmation same date requesting advice of department as to signing affidavit required by Mexican vice consul as prerequisite to visaing passport American citizen setting forth that applicant goes outside of Tampico at his own risk, you are advised that there appears to be no treaty between the United States and Mexico bearing on case, and you are referred to generally accepted rule international law that every sovereign nation has power to forbid entrance of foreigners within its dominions, or to admit them only on such occasions and under such conditions as it may see fit to prescribe.

WILLIAM PHILLIPS,  
*Acting Secretary of State.*

The CHAIRMAN. What was the date of that telegram?

Mr. WILLIAMS. September 12, 1919.

I have here, sir, a clipping which I noticed coming down this morning, which is dated Washington, September 19:

On being advised officially to-day that the Mexican Government had instructed its consuls to refuse to visé passports of American citizens going to certain parts of Mexico unless the Americans waived the responsibility of the Mexican Government for any injury, the Department of State telegraphed to the American consulate at Tampico that any such waiver will not operate in the slightest to interfere with the obligation of the United States to protect its citizens, and those complying with the requirement will not lose the protection of this Government as to rights to which they are entitled under international law.

Anyway, the situation of our companies, the Panuco-Boston Oil Co. and the Atlantica Compania, is that the Panuco-Boston Oil Co., because it has failed to acquiesce in the decrees, which we regard as confiscatory, has had its drilling stopped by soldiers and—

The CHAIRMAN. That is, Carranza soldiers?

Mr. WILLIAMS. Carranza soldiers; and the leased properties of the Atlantica Compania have been denounced under the decrees and we have been refused permits to drill because we have failed to acquiesce in the decrees, and, incidentally, our construction work on the refinery and wharf, etc., is stopped because the department has thus far failed to give us a permit to go on with construction work, this permit not being related in any direct way to any acquiescence in the petroleum decrees.

The CHAIRMAN. That is, the Mexican department, you mean?

Mr. WILLIAMS. Yes, sir.

The CHAIRMAN. You say that the work which you had commenced was stopped. When did you commence the work?

Mr. WILLIAMS. We commenced the work under a so-called concession obtained from the proper departments and viséd by the

proper officials and did the preparatory work in accordance with the well-recognized method of doing the preparatory work.

The CHAIRMAN. Do you know whether your plans on that work have been approved by the Mexican Government?

Mr. WILLIAMS. My understanding is that they have been informally approved by the local people, but because we have not received the formal approval of the officials in Mexico City we have been obliged to hold up the work.

The full situation as to that is in a copy of a letter which I have here and to which the committee may refer if it so desires.

I might say that our property in Mexico, La Atlantica Compania, is located in Maca Rodonda San Nicholas Isla del Idolo. in Tamiahua Lagoon.

There is a map showing the location of the property—1,250 acres.

The committee may be interested in one passage from one of the decisions of the courts in the Ampora proceedings. Doubtless you have before you the entire records.

\* \* \* although it is true that this precept establishes a transcendental modification in the private-property régime, it is also true that constitutions have such right because they are based on the greater social and political welfare, regardless of the prejudice which a small proportion of private property may suffer on that account.

Which, translated into our point of view, is that by means of a new constitution they may rob foreigners, provided that the particular new government which is set up becomes the recipient of the stolen property.

The CHAIRMAN. Have you made any investigations as to the methods of the adoption of this new constitution?

Mr. WILLIAMS. I would only know of that from hearsay, sir.

The CHAIRMAN. You do not know in actual delegates how many States were represented in the constitutional convention, or how many delegates were elected, or whether there were any instructions as to the elective franchise?

Mr. WILLIAMS. My information is that only those supporting Carranza were permitted to join in the convention, and the convention was held at a time when a very large part of Mexico was not under the control of Gen. Carranza.

As showing the attitude of one department in connection with the drilling of our well at Panuco and the fine of 500 pesos which was imposed, when we appealed to the department for modification of the order imposing the fine, there being no law or other regulation authorizing the imposition of such a fine, the department replied:

You are instructed that this department considers your attitude in your position as agent of the Panuco-Boston Oil Co. in not accepting the provisions and orders of the Federal executives as an act of rebellion against the laws of Mexico and as a disobedience of the orders of this department and as a lack of respect for the institutions and authorities of this country.

The CHAIRMAN. Who is that signed by?

Mr. WILLIAMS. It comes from the department of industry, commerce, and labor, division of petroleum No. 2277. It is apparently signed "The secretary in charge of the office," the name not being given. "Constitution and reforms. Mexico, June 26, 1919." The name is not given, sir.

I may say, sir, in reference to testimony of Dr. Inman and his riot call, that a letter was received by Mr. Chester O. Swain, 26 Broad-

way. New York, signed by Mr. Robert E. Speer, relative to the Inman statement and to his letter—this was under date of September 6, 1919—and to this letter Mr. Walker and I, on behalf of the Association of Producers of Petroleum in Mexico, replied under date of September 18, 1919, setting forth the attitude of the petroleum association. The correspondence is only important for that purpose. Shall I hand it to you?

The answer to the letter, Mr. Chairman, the important part, is a reply to Mr. Speer's questions, which he asks:

I should be very glad, indeed, to have any printed information or published statements of the two associations, and should be glad also to know whether in reply to any inquiries that might be made it would be correct to say—

1. That the Association of American Producers of Oil in Mexico and the National Association for the Protection of American Rights in Mexico are not carrying on any propaganda favorable to intervention by the United States in Mexico; and

2. That these associations are opposed to military intervention by the United States and believe that the influence and help of the United States, so greatly needed in Mexico, should be extended in pacific ways.

To which our reply was:

In answer to your inquiries as to whether this association is carrying on any propaganda favorable to intervention by the United States in Mexico, we answer no. This association has published certain documents setting forth the facts relative to the present situation in Mexico, a perusal of which will convince you of their accuracy and sincerity. We defy Dr. Inman or any other of our calumniators to show either any false statement or any appeal for armed intervention in any of these publications.

In reply to your inquiry as to whether this association is opposed to military intervention by the United States and believes that the influence and help of the United States so greatly needed in Mexico should be extended in pacific ways, we answer yes. We call your attention to the fact that Señor Carranza and his faction have had the influence and help of the administration of President Wilson ever since they raised the banner of revolt against Huerta. The sympathy of President Wilson has been expressed in every speech that he has made referring to the Mexican question. Carranza is in authority in Mexico by reason of this help and influence. This help and influence should be continued as before and additionally in the way suggested to Mr. Inman in a letter written to him by this association; that is, for friends of President Carranza to advise him to avoid any pretext for military intervention by such a course of conduct as will afford no reason therefor. We believe, as you do, that if Mexico properly protects foreign citizens and respects their rights, military intervention can not possibly take place.

If Dr. Inman is sincere in his desire to avoid armed intervention in Mexico he will cease to vilify Americans suffering from the misfortune of being engaged in business in Mexico and will cooperate with them to see that no reason for armed intervention shall exist.

That correspondence took place, Mr. Chairman, in consequence of certain other letters that I have written a reply to, one of which, by Dr. Inman, I believe, is on the record, and perhaps it would be proper, therefore, for me to read one other letter, and then I have finished.

AUGUST 13, 1919.

TO THE COMMITTEE OF LATIN AMERICAN INTERCHURCH MOVEMENT,  
25 Madison Avenue, New York City.

DEAR SIR: I beg to inclose herewith copy of a letter written to Mr. A. W. Halsey, secretary of the board of foreign missions of the Presbyterian Church in the United States, 156 Fifth Avenue, New York City, on the subject of the recent statement issued by Mr. S. G. Inman, in which he makes grave charges against the association of producers of petroleum in Mexico, charging, inferentially, that the hearings in Congress have been unfair; that the oil men are

not acting merely to protect their properties in Tampico, but, having found that Mexico is full of oil, "they want the United States to get a hold of Mexico so that they can obtain additional oil properties"; that "they admit that Carranza so far has not confiscated their properties and has promised not to do so." Further, inferentially, that a raid by Villa or other bandits may be "pulled off," as has already been done. Also, that the greatest part of what the papers now publish is absolutely untrue relative to Carranza's determination to confiscate the oil properties, etc.

These statements are false and defamatory, and I can not believe that they have been made by the authority of the board of foreign missions without any opportunity to those against whom the crimes are charged to appear and state their side of the case.

The fact is that the constitution of Mexico, adopted at Carranza's behest, does confiscate the properties of Americans; hundreds of innocent American lives have been lost in Mexico within the last nine years, and our State Department and the British, French, and Dutch Governments have protested again and again against these murders and confiscation. The State Department of the United States is wholly familiar with the attitude and doings of the American petroleum men. Confiscation has recently been consummated by refusal of permits to drill on our own properties and the stopping of drilling by military force.

And my letter to Dr. Halsey reads as follows:

I am indebted to you for your kind letter of the 12th instant. Since writing you I have received through other sources what purports to be a copy of Mr. Inman's statement. I regret to state that I find it not only defamatory and libelous, but false and misleading in many particulars. For several years I have been much interested in Mexico, of late acting for the Panuco-Boston Oil Co. and La Atlantica Compania. I have attended substantially all the meetings of the Association of Producers of Petroleum in Mexico, and most of the meetings of the executive committee and committee on organization of that body. I am shocked and distressed to find that any one would be guilty of the sort of statement and comment which is contained in Mr. Inman's statement. While the statement has been signed by Mr. Inman himself, it contains the remark that further information may be obtained from "our office." Does this mean that the board of foreign missions has accepted, indorsed, and made itself responsible for Mr. Inman's statement? If so, will you please send me the names of the gentlemen who are responsible.

"The statement will have two effects. First, it will wrongfully prejudice the cause of Americans many of whom have risked their lives and all of whom have risked their property in order to further the interest of America, and during the recent war the cause of the Allies. Secondly, it will further endanger the safety of Americans in Mexico by baselessly stirring up hatred for Americans."

Perhaps I may be permitted to file with the committee later a copy of my letter to Dr. Inman in reply to his.

The CHAIRMAN. Very well, sir. Mr. Williams, have you ever had any talk with the President of the United States about matters in Mexico?

Mr. WILLIAMS. No, sir; I have not.

The CHAIRMAN. In your discussions with the oil association of which you are a member, have you ever had any indication from any of the other members that they have ever talked with the President of the United States about it?

Mr. WILLIAMS. I do not recall having heard anything of the sort, sir.

The CHAIRMAN. I was wondering to whom the President of the United States referred in his speech at Helena, Mont., on September 12, as it is published in the public press, when he branched off apparently from the general subject and used the following language as reported: "I learned what I know about Mexico, which is not as much as I should desire, by hearing a large number of liars tell me



all about it. At first I was very much confused because the narratives did not tally, and then one day when I had a lucid interval it occurred to me that it was because what was told was not true." You do not plead guilty of being one of those from whom the President has obtained his information?

Mr. WILLIAMS. So far as I know, sir, none of the petroleum men have had any direct communications with President Wilson.

The CHAIRMAN. I think I recall about four years ago the President in some other speech used the same language, except, if my memory serves me right, he did not use this language in speaking about his information about Mexico, "which is not as much as I should desire," but otherwise I think he used the same language four years ago.

Mr. WILLIAMS. Mr. Chairman, I noticed this morning that Emma Goldman and Alexander Berkman, having served their terms, are about to be permitted to leave their place of incarceration. I was reminded of a remark of Mr. Burges in 1917 Journal of the American Bar Association, page 298.

The CHAIRMAN. William Burges?

Mr. WILLIAMS. I did not get his first name, sir.

I have no extraneous evidence to offer that that constitution was written by Emma Goldman and Alexander Berkman, but I fail to find anything in it which, when taken with all the other parts of the instrument, should prove unsatisfactory to either of those militant champions of a liberty unregulated by law.

The CHAIRMAN. Mr. Williams, you spoke of the amparos which you sought, an amparo being in the nature of a combined writ of certiorari, an injunction, and some of the elements of a habeas corpus, possibly. What has become of those cases?

Mr. WILLIAMS. They are now all pending, or almost all pending before the Supreme Court of Mexico.

The CHAIRMAN. Do you know whether recently it was announced that the Supreme Court was going to give its decision, or have the hearing of those amparos within the next day or two?

Mr. WILLIAMS. Within the last two or three weeks, the exact date I do not recall, word came that the supreme court had decided to hear those amparos immediately.

The CHAIRMAN. Do you know whether they have been heard or whether the hearing has been stopped for any reason?

Mr. WILLIAMS. They have not been heard. The Mexican newspapers, which I see published a communication from Senor Luis Cabrera, the Secretary of the Treasury, asking the court not to hear the amparos immediately, but to postpone the hearing until after congress had acted upon the proposed new petroleum law. The supreme court, as I understand it, appointed three magistrates of their number to formulate the questions embodied in the numerous amparos, divide them into classes, and setting forth the questions and the principles which are involved in the case. I have seen such a statement prepared by the magistrates. The cases have not been further heard, or decided, since then.

The CHAIRMAN. I have a report of a confidential nature to myself, undertaking to recite some recent occurrences in the City of Mexico, bearing upon this particular point, that for that reason I asked you the question. Among other things, this report, from

a reliable gentleman who was at the time in the city of Mexico, stated that one of the papers telegraphed Senator Fall asking his categorical expression on the subject; that is, intervention, etc. We cabled to the Universal a column of printed matter, which was read into the record yesterday, rather noncommittal in character, but which was taken to indicate a purpose of intervention. The following day the papers voiced their astonishment that on the eve of a foreign invasion the press and people should be so indifferent. On the same day the supreme court called up all the amparos of the oil companies for urgent action and the court agreed to give them a hearing the following day. Congress met in secret session and appointed a commission to meet a similar commission from the American Congress at the border for the purpose of going over the matters of difference between the two Governments in the hope of consolidating them. The following day the minister of the treasury (Luis Cabrera to whom you referred) wrote a letter to the supreme court and the Mexican Congress. In this letter he said there was no occasion for taking such action and requested them to suspend all such actions awaiting instructions from the President.

Mr. WILLIAMS. I am sorry that I have received last night from a source which I know to be very reliable, but which it would not be safe to disclose, two documents, one entitled "Anti-El Paligro" (signed by Alberto Rabez Domingues) and the other a document unsigned and inclosed in the same envelope addressed to the Congress of the United States of North America and the people of that country.

The CHAIRMAN. I do not ask you to say who, but do you know where this last document addressed to the people of this country and to the Congress of the United States emanated?

Mr. WILLIAMS. I know the source from which it was forwarded to this country. It was mailed in an envelope in the United States but there was an inclosure which enabled me to identify the immediate source of the documents.

The CHAIRMAN. Was that from a reliable source?

Mr. WILLIAMS. A source in which I have every confidence. Whether these documents have been published I do not know.

The CHAIRMAN. The Domingues document was published in the City of Mexico in Spanish. That is a Spanish copy you have there?

Mr. WILLIAMS. That is a Spanish copy; yes, sir.

The CHAIRMAN. It has been published in the papers; therefore it has been given publicity.

Mr. WILLIAMS. The other document is in the nature of a protest against certain things. I will hand it to the chairman for whatever it may be worth, if the chairman so desires.

The CHAIRMAN. Thank you. I will have them translated. These will not be placed in the record at this particular time.

Mr. WILLIAMS. They may serve some useful purpose in the investigation.

The CHAIRMAN. They will be received for the use of the committee, and the committee may direct that they be placed in the record later.

Mr. WILLIAMS. Did you see this clipping from our Public Ledger?

The CHAIRMAN. The Public Ledger of September 8, with reference to the work of this committee?

Mr. WILLIAMS. Yes; with reference to the work of this committee.

The CHAIRMAN. It is very complimentary and the committee appreciates it.

Mr. WILLIAMS. Also a reference to the character of the propaganda carried on in reference to American rights.

The CHAIRMAN. The committee, of course, is aware that it is being criticized in some of the papers in this country and is grateful to others for their commendation of its work so far.

Mr. WILLIAMS. "That the Carranza agents are being shown up in their true light is one of the best things that has come out in Washington for some time."

The CHAIRMAN. The purpose of this committee is, of course, merely to give the facts to the people of the United States, and it will not be deterred in that purpose by any criticism, and it will be encouraged, of course, by fair commendation.

I am informed by one of the representatives of the press who is present that these two Spanish documents which have been handed to the chairman by the witness who has just been testifying have been read to certain members of the press. I would request that the members of the press do not publish any of the contents, or what purports to be the contents of these papers, until a little later. The chairman has not had time to read them.

The committee will be in recess, subject to the call of the chair. For the next week, and possibly a little longer, the sessions of the committee may not be regular because of the necessity that members of the committee should at almost all times hold themselves in readiness to proceed to the Senate floor. We hope to have a meeting of the committee about Tuesday with other witnesses present, but will notify the press and others Monday morning in the event the committee is not called for that day, and at that time will be able to definitely fix a date when the committee will be called. At present we hope to have a meeting on Tuesday, at any rate.

(Whereupon, at 1 o'clock p. m., the subcommittee adjourned subject to the call of the chairman.)



# INVESTIGATION OF MEXICAN AFFAIRS

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## HEARING

BEFORE A

### SUBCOMMITTEE OF THE COMMITTEE ON FOREIGN RELATIONS UNITED STATES SENATE

SIXTY-SIXTH CONGRESS

FIRST SESSION

PURSUANT TO

## S. Res. 106

DIRECTING THE COMMITTEE ON FOREIGN RELATIONS TO  
INVESTIGATE THE MATTER OF OUTRAGES ON CITIZENS  
OF THE UNITED STATES IN MEXICO

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## PART 3

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Printed for the use of the Committee on Foreign Relations



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1919

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# INVESTIGATION OF MEXICAN AFFAIRS.

**TUESDAY, SEPTEMBER 23, 1919.**

UNITED STATES SENATE,  
SUBCOMMITTEE OF THE COMMITTEE ON FOREIGN RELATIONS,  
*Washington, D. C.*

The subcommittee met, pursuant to the call of the chairman, at 11.20 o'clock a. m., in room 201, Senate Office Building, Senator Frank B. Brandegee presiding, during the temporary absence of Chairman Fall.

Present: Senators Fall (chairman) and Brandegee.

Senator BRANDEGEE. Is Mr. Lill here?

## TESTIMONY OF THOMAS RUSSELL LILL.

(The witness was duly sworn by Senator Brandegee.)

Senator BRANDEGEE. What is your full name?

Mr. LILL. Thomas Russell Lill.

Senator BRANDEGEE. Your residence?

Mr. LILL. New York. My business is in New York. I live in East Orange, N. J.

Senator BRANDEGEE. Where do you vote?

Mr. LILL. East Orange.

Senator BRANDEGEE. What is your occupation?

Mr. LILL. Certified public accountant.

Senator BRANDEGEE. Have you been subpoenaed here before this committee?

Mr. LILL. Yes, sir.

Senator BRANDEGEE. And do you know the subject concerning which you are to testify? I did not subpoena you, and I do not know what you want to say.

Mr. LILL. I do not think the subpoena said.

Senator BRANDEGEE. Do you appear voluntarily?

Mr. LILL. Yes, sir.

Senator BRANDEGEE. I suppose Senator Fall wrote you or requested you to appear?

Mr. LILL. Well, they sent me a subpoena, and I had previous to that communicated through Maj. Jackson.

Senator BRANDEGEE. About what subjects do you want to testify, Mr. Lill?

Mr. LILL. Well, I thought I might be of some service to the committee if I gave a short description of what work I have been doing down there, rather tending to show the progress which the Mexican Government had made toward law and order since May, 1917, to quite a recent date.

Senator BRANDEGEE. How much time have you spent in Mexico since the date you mentioned—May, 1917?

Mr. LILL. May, 1917? It is over a year and a half, or a year and seven or eight months.

Senator BRANDEGEE. And had you been there before that?

Mr. LILL. No, sir.

Senator BRANDEGEE. So that, I assume, you are only able to testify as to the commercial and financial matters in Mexico since the period you went there; or had you had any familiarity with the subject before you went there?

Mr. LILL. No; I had not before I went there, in the progress of the work there I made studies or had studies made under my direction.

Senator BRANDEGEE. Well, as a public accountant, or a certified public accountant, I believe you called it, are you required to be authorized by the State to be a certified public accountant?

Mr. LILL. Yes; by the State of New Jersey.

Senator BRANDEGEE. Now, you were employed, I assume, by some companies to make investigations?

Mr. LILL. No, sir.

Senator BRANDEGEE. Or, for what purpose did you familiarize yourself with these conditions in Mexico?

Mr. LILL. I held a position down there of chief accountant and acting director of President Carranza's financial and administrative reorganization commission.

Senator BRANDEGEE. You were employed by them?

Mr. LILL. I was employed by the Mexican Government.

Senator BRANDEGEE. Very well. Now proceed to give us as good an idea as you can of the governmental finances and of the general commercial conditions of the country. You can state it in your own way.

Mr. LILL. Thank you. It might be interesting to relate how the work started down there. I went down as chief assistant to Henry Bruere, of New York, former city chamberlain of New York City.

Mr. Bruere took quite an active part, I think, in the conferences over the Pershing expedition at Buffalo, I think they were, and became acquainted with Mr. Cabrera and Mr. Pani. As a result of that Mr. Bruere was invited to go to Mexico City to make a study of the government, and I went with him, owing probably to my knowledge of Spanish.

Senator BRANDEGEE. Invited by whom was he?

Mr. LILL. By Mr. Luis Cabrera and Mr. Pani.

Senator BRANDEGEE. What office did Mr. Cabrera hold at that time?

Mr. LILL. Mr. Cabrera was secretary of hacienda at that time, and Mr. Pani was secretary of commerce, labor, and industry.

We left New York in—or perhaps I had better state before going down, I understand the matter was discussed with President Wilson by Mr. Bruere, and the undertaking was thoroughly approved. Mr. Bruere also had conferences or discussed the matter with Secretary Lane, I think, and Ambassador Fletcher and others up here, and the matter was thoroughly understood and approved. The condition also imposed was that the matter should be approved by President Carranza.



We left here about the middle of May, 1917, and reached Mexico City along about the 25th, I think, and were installed in the national palace about halfway between Carranza's office and Cabrera's office.

We began making studies first of the secretary of the treasury's office. After that we got into commerce and labor.

As a result of these preliminary studies we recommended that the Mexican Government should reorganize the fiscal system, establish a purchasing agent and various other minor reforms.

Mr. Bruere had to leave along about the end of July or August 1, and I remained there until May of the following year.

A month or so later at our suggestion Mr. Cabrera organized this commission, which consisted of Mr. Cabrera as president, Mr. Pani, secretary of commerce and labor, as vice president, Manuel Rodriguez Gutierrez.

Senator BRANDEGEE. Was there any name given to this commission?

Mr. LILL. Yes, sir.

Senator BRANDEGEE. What was it known by?

Mr. LILL. Well, it was known in Spanish as the commission de reorganizacion administrativa y financiera.

Senator BRANDEGEE. And what would be the English translation of that?

Mr. LILL. The administrative and financial organization commission.

Senator BRANDEGEE. Did it have any official status except as advisory to the Government of Mexico?

Mr. LILL. No; its organization was not provided for by law, but it was a very powerful unit because four or five members of it were members of President Carranza's cabinet.

Senator BRANDEGEE. Well, was it officially recognized by Carranza?

Mr. LILL. Oh, yes, sir. Yes; we have a number of conferences with him and our reports were given to Mr. Carranza for approval.

Senator BRANDEGEE. By whom were you paid?

Mr. LILL. I was paid by the Mexican Government.

Senator BRANDEGEE. Were the recommendations of this commission in printed form, and do they exist now in a permanent form, in a pamphlet or otherwise?

Mr. LILL. Some of the reports were printed, and a great many others were not. They were in typewritten form.

Senator BRANDEGEE. Do you mean they were verbal reports?

Mr. LILL. No; typewritten.

Senator BRANDEGEE. And handed to the Mexican officials in typewritten form?

Mr. LILL. Yes; discussed with the members of the commission, and we had repeated conferences over them, amended them, and finally adopted them—or, they were approved by the commission and they were taken up by the officials.

Senator BRANDEGEE. Very well; proceed.

Mr. LILL. The commission was organized, I think in September, 1917. The proposal of the commission, or the recommendation of the commission for the establishment of a purchasing agent and the establishment of a controller general independent of the treasurer,

such as has been suggested here in the American Government, was taken up with the Congress by Mr. Cabrera and approved by Congress in December, 1917.

As soon as it appeared that Congress was going to approve these bills I began to work on the laws providing for the organization and defining the powers and duties, and had those ready about the time Congress approved the creation of the department and took them up and had them signed by Mr. Carranza about the middle of January, 1918.

It has frequently been said that the Carranza government was anti-American, and I would like to give here the men we had down there at one time and another. We were very much handicapped with the mass of work and so we secured the services of Francis Oakey as certified public accountant, who had installed the system at Panama and also had been chief accountant in President Taft's administration here.

Then it early appeared that we had to take up the question of currency and taxation and we secured the services of Prof. E. W. Kemmerer, of Princeton University, who had done similar work in the Philippines and whom I knew, also Prof. H. E. Chandler, associate professor of economics, I think, in Columbia University.

Mr. Chandler made a study of taxation. He was obliged to return to the United States and we later secured the services of Dr. Arthur Young, associate professor of economics at Princeton, who made studies of the taxation in the Federal districts and an attempt to define the sources of taxation as between the Federal, State, and municipal units.

Then we had Mr. Samuel Wilson, of the American city bureau on commerce and industry.

We had Mr. Gleason on the purchasing, and a Mr. Munroe on purchasing, so that during all this time, practically for a year, we had from 5 to 10 Americans working right in the national palace in Mexico City.

Mr. LILL. Could I put this in?

Senator BRANDEGEE. What is that?

Mr. LILL. This is Mr. Kemmerer's report.

Senator BRANDEGEE. Well, leave it with the committee on file and if there is anything in it we want to put in the record we will have it done.

Mr. LILL. Mr. Kemmerer's report on the currency was the basis for a later revision of the currency system down there.

The silver went up so high as to practically send all Mexican currency to the melting pot and we had to reduce the silver content of the coins.

These two reports by Mr. Chandler, a preliminary survey of the Mexican revenue problem and an analysis of the income-tax project, which the officials of Mexico had been considering at that time following the adoption of an income tax in the United States.

Dr. Young prepared this report dealing with the finances of the Federal district, recommending among other things our American system of taxing land, and I believe that that is being—that a great many changes are being made down there in the tax system based upon these reports.

The law relating to the controller and the address of Mr. Carranza in English, which was translated by the commission at Mr. Cabrera's request, for distribution.

Senator BRANDEGEE. The address of Mr. Carranza on what occasion and before whom?

Mr. LILL. Before congress, his congressional message.

Senator BRANDEGEE. And what year was that?

Mr. LILL. That was in 1917.

Senator BRANDEGEE. Excuse me. Was that in relation to your report?

Mr. LILL. No, sir.

Senator BRANDEGEE. You had not made your report at that time?

Mr. LILL. No; we had not done any work at the time that report had been made.

Senator BRANDEGEE. You had not done any work at what time?

Mr. LILL. At the time that message had been delivered. I think that was at the beginning of congress, in April, 1917.

Senator BRANDEGEE. What topics does that touch on—all Mexican questions?

Mr. LILL. Yes, sir; it takes up a great many Mexican questions and it is remarkable to me for the last paragraph, which possibly might be inserted in the record.

Senator BRANDEGEE. Suppose you read that if you want to call particular attention to it. If you do not happen upon that now, suppose you defer that and let the stenographer leave a blank space or make a note to insert it there when you locate it?

[Extract from President Carranza's message to congress May 2, 1917.]

A revolution that is not prompted by a necessity, the satisfaction of which does not admit extension of time and which does not aspire to vitalize of morality and justice, is merely a crime against the existence of a people.

The first requisite for the existence of a state is order. Order can not prevail where there is no law, or where the law is violated constantly and with impunity. It is law which determines the relations among the members of a nation and serves as the intervening medium between these members. Law fixes the sphere of free action to be exercised by individuals and the limits within which public authority must act so that social functions may not encounter obstacles in their multiple and legitimate manifestations. In a state where a man feels himself strong, simply because he is armed and believes himself able to impose his will over others, where there is no respect for life, liberty, or property of the other members of the social body, there can be neither rights nor morality, which are the main elements of order. Within a state where any representative of authority considers himself capacitated to act as he elects without a brake to control his bursts of anger, without a sentiment impelling him to realize that there are others who deserve respect—and it is precisely for the purpose of compelling the stubborn to respect others and inspire ideas of right to the obstinate and refractory that public authority is necessary—in such a state, I repeat, can exist only anarchy, which is the disordered tyranny of the many; or despotism, which is the tyranny of only one.

Mr. LILL. I would like now to proceed with some of these effects of these various recommendations of ours.

The office of controller general—or, all the accounting of the Government of Mexico, was under the secretary of the treasury, similar to our Government in the United States, which practically means that the secretary of the treasury receives, spends, and audits his own accounts.

After considerable study it seemed to us the best thing to do would be to take the accounting out from under the secretary of the treasury and make it an independent office.

As I stated, we began organizing along about February of 1918, and we installed a complete new system in the customhouses, the subtreasuries, in the internal-revenue offices, and the subtreasury in Mexico City.

After the system began working, along about April and May, I received telegraphic reports—or the controller received telegraphic reports and daily reports from the collecting officers and disbursing officers all over the Republic. And I want to call your attention to that fact because of the fact it has been stated so repeatedly that the territory was not under Mr. Carranza's control.

From March, April, May, and June, of 1918, we received daily telegraphic reports from every collecting officer in the Republic with the exception, of course, of those offices in Lower California that could not be reached so easily by telegraph. The Government funds in Mexico were collected by officers appointed by Carranza and were disbursed upon orders from the central treasury or were transferred from one office to another or were remitted to Mexico City.

During all of that time I speak of there was only one office that I know of that we did not get reports from or was not in operation; that was up in Morelos, I think, but I am not sure. That was discontinued for the lack of law and order or because it did not pay expenses. It is rather difficult to say how the territory was not under Carranza's control when we were administering the finances and collecting revenues in practically every city in Mexico.

Shortly after we began the organization of this office it appeared that another reform was necessary in order to secure economy in the finances and blue prints were drawn up of a monthly budget and an allotment system. Those were submitted to President Carranza and he approved them for immediate use.

The budget for Mexico in Diaz's time, the last years of Diaz's régime, averaged from 100,000,000 to 110,000,000 pesos a year. The budget at this time, or for the fiscal year ended June 30, 1918, amounted to 177,000,000 pesos exclusive of any charges for the public debt. About that time Congress changed the fiscal year to the calendar year, and the new budget has been prepared amounting to 178,000,000 pesos. That, of course, did not include any charges for the public debt, nor did it include 21,000,000 pesos which were set up for the department of munitions.

Senator BRANDEGEE. When you speak of the budget, do you mean the amount proposed to be collected as necessary or the amount that actually was collected in taxes?

Mr. LILL. No, sir; the budget I speak of is the estimated expenditures of the Government.

Senator BRANDEGEE. When you say it was 178,000,000 pesos at that time, was that amount actually collected?

Mr. LILL. Well, I was just coming to that, Senator.

Senator BRANDEGEE. All right.

Mr. LILL. That was the estimated expenditures of the Government. At that time the revenues of the Government did not equal that sum nor do they equal that sum yet, and it was therefore imperative—

Senator BRANDEGEE. How near did it come to equaling the sum?

Mr. LILL. Well, the revenues at that time, I think, were approximately 11,000,000 pesos a month or 132,000,000 pesos a year.

Senator BRANDEGEE. Then they were 50,000,000 shy, were they not?

Mr. LILL. They were about 60,000,000 shy, about 5,000,000 pesos a month deficit. As I say, it early became apparent there that some means had to be taken to bring the expenditures within the revenues. This monthly budget, therefore, was adopted, based upon the congressional budget. Each head of a department was required to submit an estimate to President Carranza asking for the money that he needed to run his department for the succeeding month and specifying with more or less detail in that request what he wanted to do with the money. These requests were tabulated until sometime after conference we could see that the proposed expenditures were within the actual revenues and then they were approved, and that budget was set up in the department of control and we had a very real and effective control. When a department head drew checks or drew money up to the amount that he had been allowed, he stopped getting money.

The effect of this procedure was to reduce the budget from a monthly basis of 16,500,000 pesos to approximately 10,500,000 pesos a month, which was somewhere within the revenues.

Senator BRANDEGEE. What was a peso worth then in American money, gold?

Mr. LILL. You mean taking the rate of exchange into consideration or the actual contents?

Senator BRANDEGEE. The intrinsic contents?

Mr. LILL. I think the Mexican gold coin is two-tenths of 1 per cent less than the American.

Senator BRANDEGEE. I mean, how much was a Mexican peso worth in American gold?

Mr. LILL. Fifty cents; that is, intrinsically worth that much.

Senator BRANDEGEE. That is what I mean. How much was it considering the rate of exchange?

Mr. LILL. Well, it varied from—it varied until——

Senator BRANDEGEE. Did it fluctuate——

Mr. LILL. Yes, sir.

Senator BRANDEGEE (continuing). Rapidly and frequently?

Mr. LILL. Well, it fluctuated very frequently. The fluctuations were not very great, but there was a steady rise in the Mexican peso, or a steady decrease in the value of American currency, whichever way you look at it; that is, corresponding more or less with the rise in the price of silver.

Senator BRANDEGEE. For instance, do you happen to remember what was the value of the peso when you went to Mexico and what was its value after you had been there a year and a half?

Mr. LILL. Well, the value of the peso——

Senator BRANDEGEE. We can find out if you do not happen to remember it, of course. It is a matter of record.

Mr. LILL. There are so many different ways of figuring that thing down there. The peso was worth about 52 cents American at the time I went there and it ranged up to 58 cents, as I remember it.

Senator BRANDEGEE. Were those the extreme limits of the range?

Mr. LILL. I think it went to 59 or 60 at one time.

Senator BRANDEGEE. Well, about from 52 to 60?

Mr. LILL. Yes. Now, that decrease in the American money or increase in the Mexican money did not depend exclusively on the increased price of silver, because the increased price of silver made the Mexican coins so valuable they were smuggled out of the country, which created a great shortage of currency in Mexico and this premium I speak of was due as much to the shortage of currency as to the increased price of silver.

Senator BRANDEGEE. What were the other principal causes for this variation other than the increased cost of silver or the price of silver?

Mr. LILL. There were none that I know of, sir.

Senator BRANDEGEE. I thought you said that was the principal cause but there were others.

Mr. LILL. Well, the price of silver and the shortage in the currency.

Senator BRANDEGEE. What was the increased cost of silver due to other than the decreased production of the mines—the war situation?

Mr. LILL. The war situation. Silver went up, as you remember, from I think 60 until the time we made our first currency investigation, when it was \$1.08.

Senator BRANDEGEE. There was a large increase all over the world?

Mr. LILL. Yes, sir. Silver at \$1.08 made the Mexican peso worth more as bullion than it was as currency and it practically all went out of existence.

I ought to state probably that the Carranza revolutionary government had issued large quantities of paper currency which depreciated very rapidly up to about November, 1916, I think, when it was not received any longer by the merchants. That situation placed the Mexican Government on a purely metallic currency basis. They had no paper currency and no means of getting anything and what currency they had they had to coin.

Senator BRANDEGEE. Was there a corresponding decrease in the price of commodities when this increase in the value of currency occurred?

Mr. LILL. Well, there was a tremendous—of course, a tremendous increase in the price of commodities when charged in the paper currency, because the paper currency depreciated, and I fancy it took a thousand pesos to buy an article worth 1 peso at the time.

Senator BRANDEGEE. But did the price of currency and the price of commodities rise at the same time there in Mexico?

Mr. LILL. Well, I do not know how to express that exactly, Senator, but with the adoption of the paper currency the commodities were raised in price as expressed in that paper currency to offset the depreciation.

Senator BRANDEGEE. I understood you to say there was no paper currency in circulation.

Mr. LILL. I thought you were speaking of that time. Afterwards, when the metallic currency came in, I think there was—I do not think the price of merchandise in Mexico was increased as a result of that currency reform.

Senator BRANDEGEE. I had supposed the cheaper currency generally made higher prices and the dearer currency made lower prices.

Mr. LILL. Well, that currency in Mexico was not cheap, Senator, and it was hard to get.

Senator BRANDEGEE. I know, and being very high I should have thought prices would have been low. That is, I should think the more money the peso was worth the more it would buy in the market of commodities.

Mr. LILL. You are not speaking of the paper currency, are you, but the metallic?

Senator BRANDEGEE. I am speaking of the peso. You say bullion was the only thing in circulation there for awhile.

Mr. LILL. Yes.

Senator BRANDEGEE. Well, they bought and sold at that time, and the commodities must have had some ratio of relation to the price of the peso or bullion. If you do not know about that, I will not question you about it.

Mr. LILL. It is slightly out of my field. It is a question of economics.

Senator BRANDEGEE. Just proceed as you want to.

Mr. LILL. But the price of commodities was considerably higher than it is in the United States, and that was due largely to the embargo placed by the United States on the exportation of articles to Mexico.

The CHAIRMAN. What articles were embargoed?

Mr. LILL. I believe practically all foodstuffs were only shipped by permission, and the war trade act restricted traders in Mexico from importing stuff if they were not known to the department.

The CHAIRMAN. Do you mean the blacklist? What other restriction was there upon the traders in Mexico?

Pardon me for interrupting you at this time, Senator.

Senator BRANDEGEE. I have no further line of questions to ask.

The CHAIRMAN. It is right there that I want to find out what foodstuffs were embargoed and what traders in Mexico were refused permission to buy stuff?

Mr. LILL. Of course, the people on the blacklist could not get goods and there seemed to be a general—it was generally stated down there that it was very difficult indeed to get goods from the United States even if you were an American citizen, owing to the shortage of those goods in the United States.

Senator BRANDEGEE. It was not an embargo, was it? It was difficult to get goods here, too, was it not?

Mr. LILL. I do not think I used that word correctly. There was no embargo. That was not the thing I meant.

The CHAIRMAN. Shipments of sugar were restricted, as they were to other countries; shipments of flour in some respects were restricted, as they were to other countries.

Mr. LILL. Corn, ham, and fats.

Well, the adoption of this monthly budget, as I stated, reduced the expenditures of the Government from about 16,500,000 pesos to approximately 10,500,000 pesos a month.

These economies were secured very largely through Mr. Carranza himself. I had a number of conferences with him and he took a great deal of interest in the budget as printed, and was constantly at work with his blue pencil trying to reduce expenditures and, incidentally, to eliminate dishonest officials and trying to get honest ones. An instance I saw there was when he was studying the budget of the department of communications and saw 30 or 40 engineers there, and

he said, "Are we doing any construction work now?" They said, "No; we haven't any money for it." "Well, we don't need engineers, do we?" They said, "No," and Mr. Carranza drew his pencil around these engineers. That is only an instance of the way Mr. Carranza was operating down there on this spending situation.

At the same time, or along about two or three months later, we organized the department of purchases, which centralized all the purchasing of the Mexican Government in one man or one bureau. Previous to that time practically all purchases had been made by the different bureaus or offices in the Government, and I think there were probably 500 purchasing agents scattered through the offices. That bureau is also now running. The department of munitions was another bureau which was not created at our suggestion, but was an outgrowth of our suggestion to consolidate all the purchasing of the Government in one department. Mr. Carranza thought it would be better to have the military supplies separate from the civil.

I do not know how much of this is of interest, Senator. I would be glad to have any leading questions about anything you want to know.

The CHAIRMAN. Well, you are testifying as to the natural condition of Mexico, as I understand, and your familiarity with it. There will be some questions likely that will suggest themselves to me later and probably as you go along. Just go ahead and make any further statement that you have to make, and then when you conclude with what you think is necessary I will ask you some questions.

Mr. LILL. My last time down there I made quite a complete study of the debt situation down there, and that report is in the press now and will be out in two or three days.

The CHAIRMAN. Well, if you could give us a synopsis of it from what you have there, as shortly as possible, I would be glad to have that now. I do not mean necessarily to itemize it.

Mr. LILL. Well, the debt statement, or the national debt of Mexico, is divided as between the prerevolution period and the post-revolution period. I consider that the prerevolution period ended with June 30, 1911, which was shortly after Limantour and Diaz resigned from office. At that time the Mexican debt was approximately 425,000,000 pesos.

From June 30, 1911, to the end of December, 1918, there was issued by Huerta about 190,000,000 pesos. Now, in that portion of the debt which was issued by the Huerta government a very small proportion of that was issued to pay debts incurred by the Madero administration.

Large quantities of the balance of that—well, the information is very lax regarding where it went to. We know part of it was used to purchase the Mexican National Packing Co., and I think something like 30,000,000 pesos was given to John DeKay to purchase arms abroad. I believe that Mr. DeKay purchased a ship load of arms and kept them waiting in Spain at the outbreak of the European war, and I understand resold them to Belgium, so Mexico never got the arms and is out that much money.

There are various other circumstances connected with the issue of these bonds which makes it very hard to determine whether the present administration should assume payment of those bonds or not. It will have, probably, to be a subject of arbitration.

Up to December—



The CHAIRMAN. Why should there be any question about it if they were regularly issued? Were these bonds regularly issued or not?

Mr. LILL. I can not tell, Senator. The information regarding those is not obtainable from any source—from government sources. The records for two years down there were practically destroyed or not kept.

The CHAIRMAN. The bonds were issued under authority of the Madero congress, were they not?

Mr. LILL. I think the authority was granted by the Madero congress, but they were not issued until after Madero was killed.

The CHAIRMAN. Has any money been obtained upon the bonds, the actual bonds?

Mr. LILL. Yes, sir; 6,000,000 pounds were sold to the British banks.

The CHAIRMAN. By whom?

Mr. LILL. By the Mexican Government—Huerta.

The CHAIRMAN. Was there any money obtained by the Madero government on the strength of this bond issue?

Mr. LILL. I think not, sir, because the Madero government owed about 42,000,000 pesos and the proceeds of these £6,000,000 which Huerta secured—that was sold at about 90, and he secured something like 50,000,000 pesos after the discount, and 40,000,000 of the 50,000,000 pesos he received were used to pay off the 42,000,000 indebtedness of the Huerta administration.

That seemed to me was a clean-cut transaction.

The CHAIRMAN. He obtained those funds from a deposit of the bonds originally to secure a loan in New York, did he?

Mr. LILL. I think not; I think that was floated in Europe.

The CHAIRMAN. But prior to the flotation in Belgium, France, Great Britain, and the United States, in which J. P. Morgan & Co. took part, there were some of the first issue of these bonds deposited with certain bankers in New York for a loan, were there not?

Mr. LILL. I think prior to that issue, Senator, there was a \$20,000,000 loan made by the Madero government, made in New York, which was repaid by the proceeds of these £6,000,000.

The CHAIRMAN. That is what I referred to, and the loan was from Speyer & Co., was it not?

Mr. LILL. I am not sure about that; that is a loan that is out of existence. I have it among my papers somewhere.

The CHAIRMAN. Yes, sir; in anticipation of the sale of these bonds, and they were trying to place the bonds prior to the actual issue of the bonds, and obtained a loan, as I understand, which loan was repaid by Huerta after the placing of these bonds by the syndicate, was it not?

Mr. LILL. Yes.

The CHAIRMAN. I have all the advertising literature sent out in the attempt to place the bonds.

Mr. LILL. That particular bond issue was secured by a mortgage or pledge of all the remaining customs in Mexico. The existing pledge amounted, as you probably know, to 62 per cent of the customs, and this particular issue was guaranteed by a pledge of the remaining 38 per cent of the customs.

The CHAIRMAN. Now, the question in my mind is this: You said that this last bond issue would probably have to be arbitrated because

there is a dispute as to where the funds went, and what De Kay did with portions of the money, etc. Would the fact that the Government, through its agents, disposed of bonds, and the agents did not account for the proceeds, or in some way the proceeds did not reach the Government, invalidate the bonds or justify the Government in—

Mr. LILL. No; I would not say so, but if there was any fraud attached to the issue it would seem to me the question might probably be raised, and the circumstances surrounding the issue of these bonds before judgment was passed as to whether payments should be made.

The CHAIRMAN. Of course, there might be proper grounds for repudiation of any debt. We have some examples of that to-day, and I am frank to say that in our own country we have some historical examples of the repudiation of State debts.

Mr. LILL. The question was raised about repudiation in connection with the negotiations with the bankers and the Mexican Government distinctly declines to repudiate anything. Now, repudiation contemplates or means that where a man has the means to pay his debts and declines to pay them he repudiates them. The failure to pay a debt when a man has not the means to pay it is not repudiation in any sense of the word.

The CHAIRMAN. Oh, certainly not; but I understood you to refer to probable repudiation, or, in other words, that the legality of the debt was questioned, not the question of their having the money to pay it but of their willingness to pay it.

Mr. LILL. Oh, I question that from what evidence I get of it, and it would not be fair to ask Mexico to pay that entire bond issue, which amounts to £20,000,000, without some investigation to see whether she is liable and whether she should pay it. Part of it I do not think there is any question about. There is another part of it I think there is a very real question about.

The CHAIRMAN. She has passed through the same experience before.

Mr. LILL. Yes; and she has had to pay, and various methods have been used to make her pay since 1823.

The CHAIRMAN. You were speaking of the indebtedness.

Mr. LILL. Yes.

The CHAIRMAN. And you say that it was 425,000,000 pesos approximately when Diaz went out and that Huerta added about 190,000,000 pesos?

Mr. LILL. Yes. And there are 53,000,000 pesos which the present Carranza Government borrowed from the banks of issue, and approximately 25,000,000 pesos more which are due to employees of the Mexican Government for failure to get salaries. That is, only part salaries are being paid in the Government at the present time and the difference between their salary and what they get is to be paid them in bonds.

The CHAIRMAN. Right there, what proportion are they getting?

Mr. LILL. I think they are getting 75 per cent. They were getting 75 per cent when I was down there.

The CHAIRMAN. How is that being paid?

Mr. LILL. In gold and silver. There is no other way of paying it. I think for a month or two there the percentage was decreased to 50 per cent to tide over a stringency, but it later was increased again.

That same thing, Senator, has been done—well, Diaz started it when he went into office. That is the first thing he did, was to take that means to economize in the government service.

The total obligations of the Mexican Government on December 18, 1918, were 695,000,000 pesos.

The CHAIRMAN. I have seen that calculation made before, but I notice that Luis Cabrera apparently raised the limit very recently. He is the minister of hacienda, is he not?

Mr. LILL. Yes, sir.

The CHAIRMAN. I notice he has recently fixed it in round numbers, as late as August 24, at one billion.

Mr. LILL. One million pesos?

The CHAIRMAN. Yes.

Mr. LILL. Well, I do not know his exact wording there, Senator, but on this debt that I speak of of 695,000,000 pesos there is 170,000,000 pesos of interest due, which makes a total apparent liability. I will say, of 865,000,000 pesos or practically 866,000,000 pesos. Now, in the—

The CHAIRMAN. Well, there is this 25 per cent held back on salaries that is supposed to be accounted for. Have you got that in the statement?

Mr. LILL. I have got that in this statement; yes, sir; everything that I could find.

Now, the Mexican railway (sic) has guaranteed a certain issue of bonds of the national railways, I think amounting to something like \$50,000,000. It is obligated to pay that, but that is not due and will not be due for a number of years yet, so I do not know whether Mr. Cabrera includes that in his statement or not.

The CHAIRMAN. Who has guaranteed that?

Mr. LILL. The Mexican Government, and probably Mr. Cabrera includes in there money needed to pay claims, which is not included, of course, in any statement of her debt.

The CHAIRMAN. Well, this guarantee of the Mexican Government of the railroad indebtedness, if you classify the railroad as an asset, whether the fifty millions is due or to become due later, it is a liability.

Mr. LILL. Well, I did not want to confuse the issue in my reports.

The CHAIRMAN. Not at all, but we were trying to arrive at how Mr. Cabrera calculated the total indebtedness.

Mr. LILL. Yes. Now, in considering the debt problem of Mexico, it seemed to me, and I have so stated in this report, that is in the press—I am very sorry I have not a copy here, but I did not have time to get it—it seems to me the first thing we should do, or any level-headed business man would do in studying the debt of Mexico would be to ascertain what Mexico could pay in debt service. If her revenues in the future are 130,000,000 pesos a month she will undoubtedly need 100,000,000 pesos for the current operations, which would leave about 30,000,000 pesos for debt service. By debt service I mean interest on the debt and amortization payments. With 30,000,000 a year practically it means that Mexico could assume a debt of something like 550,000,000 pesos.

The CHAIRMAN. You mean additional debt?

Mr. LILL. No, sir; I mean total debt. That is the safe maximum of debt for the Republic of Mexico under her present financial situa-

tion after banditry has been suppressed. I can not say, of course, that my theories have been accepted very generally.

The CHAIRMAN. That your theories have not been accepted where?

Mr. LILL. By the Mexican Government or by anyone else that I have discussed it with.

The CHAIRMAN. Which do you mean, now, your theory that Mexico could assume and pay a debt of 550,000,000—that theory has not been accepted?

Mr. LILL. No; my theory that the debt of Mexico should not exceed 550,000,000 pesos, or that she can not pay more than that.

The CHAIRMAN. You say that has not generally been accepted?

Mr. LILL. I am only speaking for myself now. I am not giving the Mexican Government's views at all, but it seems it is just plain business that if she can not pay any more than that that is all she can stand.

The CHAIRMAN. Sure.

Mr. LILL. The only question is whether revenues in Mexico can be increased.

The CHAIRMAN. Pardon me.

Mr. LILL. Yes, sir.

The CHAIRMAN. Before we get away from the subject of the debt you have been discussing, you speak of the debt of 425,000,000 left by Diaz. What was the classification of that debt? How was it known? What was it called?

Mr. LILL. Well, that was called in Mexico the interior and exterior debt.

The CHAIRMAN. Yes; the internal and external debt, as we know it generally?

Mr. LILL. Yes.

The CHAIRMAN. What were the proportions of that debt, if you recall?

Mr. LILL. I have that right here, I think. The exterior debt, excluding the 6 per cent loan of 1913, would be about 200,000,000 pesos—guaranteed debt. But in discussing that, Mr. Senator, it is exceedingly difficult to define what is an interior and exterior debt.

The CHAIRMAN. Well, it is not hard to understand in view of the fact that the exterior debt is the debt for the payment of which the duties you speak of here were pledged. The import and export duties were not pledged for the internal debt at all.

Mr. LILL. Well, in discussing this matter with bankers they take various views of external debt. As one gentleman insisted, it was all debt which was expressed in foreign currency, and the interior debt was all debt which was expressed in Mexican currency.

The CHAIRMAN. But the external debt of Mexico was all funded two or three different times, finally funded in 1899, was it not?

Mr. LILL. That is the old English debt; that is the final conclusion of the old British debt. It was partly refunded in 1910 by Liman-tour.

The CHAIRMAN. But in the refunding the contracts were made with this 62 per cent of the duties to be applied to that debt; then for the 190,000,000 which you speak of the balance of the duties were pledged, and that is for the external debt, not for the internal debt at all.

Mr. LILL. No; there are no duties pledged on the—that is the point I was coming up to when I said it was very difficult to decide

what was an exterior and interior debt. You take the so-called interior debts of Vera Cruz, the State of Tamaulipas.

The CHAIRMAN. I am not speaking of the State debts. I am speaking of the national debts.

Mr. LILL. But those are all assumed by the national government and the national government is responsible for them and they are all guaranteed by a portion of the customs.

Now the internal debt which is not guaranteed is that 5 per cent municipal loan of 1905 of the City of Mexico and the debt of 1904 of 74,000,000 pesos.

Now a lot of these interior debts that were expressed in Mexican currency were actually sold on the London market and are held abroad.

The CHAIRMAN. It makes no difference whether sold abroad or where sold. There were certain revenues pledged to the external debt and then the internal debt was to be paid from other sources entirely. Of course, if the Mexican congress from time to time, or the Mexican Government, had an excess over the sinking fund and interest on the external debt they could apply the balance to the internal debt, but after the last issue of 190,000,000 they could not apply it at all until the entire foreign debt or external debt was paid off.

Mr. LILL. Permit me to state, Senator, the classification I gave is not the classification generally in use, because the external debt, according to Mexican classification, always includes this municipal loan of 1899, sold in London, and the 4 per cent gold loan in 1904 which was sold in New York.

The CHAIRMAN. Yes.

Mr. LILL. Now those two debts are not secured in any way by the customs.

The CHAIRMAN. That is what I am speaking of. That is what the Mexicans always call part of their internal debt.

Mr. LILL. I beg pardon, they include both those as external debts—exterior. Their definition of exterior does not mean the debt is secured by a pledge of the customs.

The CHAIRMAN. Of course, from 35 years of actual experience with them in buying their bonds and using their bonds I had a different idea.

Mr. LILL. Well, I am merely giving you the conclusion which has appeared in the memorials of the secretary of hacienda and publications by the Mexican Government.

The CHAIRMAN. Certainly. Doubtless on paper you are possibly very much more nearly correct than myself. Now, how much money did Diaz leave in the Treasury of Mexico?

Mr. LILL. I believe about 72,000,000 pesos. I think that is the figure shown on the balance sheet on June 30, 1911.

The CHAIRMAN. Of course, in the debt of Mexico you are not including any of the repudiated currency?

Mr. LILL. No, sir.

The CHAIRMAN. That is just wiped out and gone.

Mr. LILL. No; that is possibly part of Mr. Cabrera's statement, there.

The CHAIRMAN. No; it could not be, because we know about a billion and a half to be wiped out, but we do not know how much more.

Mr. LILL. Well, permit me to explain the situation. The old currency issued by Villa and Dieguez, and others of Carranza's generals, was all brought in and consolidated at the time the Vera Cruz currency was issued.

The CHAIRMAN. Well, let us see whether it was. There is some of the first currency issued redeemable for provisionals. I have one \$20 bill and one \$10 bill here. Now here is a \$5 bill and a \$20 bill and a \$100 bill of this issue. Here is a \$1 bill and a \$10 bill and a \$5 bill and a \$20 bill of another issue.

Mr. LILL. This issue is by Gen. Villa.

The CHAIRMAN. Yes. You said that was exchangeable for other moneys.

Mr. LILL. It was up to a certain time; I think up to the time Mr. Villa and President Carranza were together. There were general laws passed which provided that all currency was to be redeemed before a certain period, if not redeemed they were to be made void.

The CHAIRMAN. There is a \$10 bill and a \$5 bill of the Sonora currency.

Mr. LILL. This is a State currency note, is it not?

The CHAIRMAN. Yes; but it is all for the revolution. Now here are some of the provisionals, and it is only this issue of money that was provided for redemption under the Carranza decree. These are what are known as the Carranza provisionals. I have a \$20 bill and a \$5 bill. Now that money is redeemable, or was redeemable up to a certain date. It is now no good.

Mr. LILL. Well, a discussion of this thing, Senator, without the actual facts is liable not to get us anywhere. I have all the laws from the time Mr. Carranza was First Chief up to the present time relating to currency. I do not know whether they are covered by Prof. Kemmerer in his book or not. He has a separate book on that.

The CHAIRMAN. When you say the laws you mean you have the orders of Gen. Carranza as First Chief?

Mr. LILL. Yes.

The CHAIRMAN. You have no law with reference to the currency?

Mr. LILL. Well, he was the only authority at the time. I do not conceive of any law—

The CHAIRMAN. Well, the constitution of 1857 was in effect and so were all the laws of the Republic except as he set them aside by decree or order.

Mr. LILL. I do not see that the constitution of 1857 prohibited Mr. Carranza from issuing paper currency. If it did he did not observe it.

The CHAIRMAN. Of course he did not.

Mr. LILL. But this paper currency was issued by practically all the generals when they started the revolution.

The CHAIRMAN. Yes, sir; that is true.

Mr. LILL. After the revolution got going they tried to centralize that function and they issued an order or passed a law, whichever is the proper term, providing that all these issues were to be redeemed in one currency. Now, that was all brought to a head in the Vera Cruz currency. Then there was so much falsification of

that currency they provided for the new currency which they called the infalsificables.

The CHAIRMAN. Noncounterfeitable money.

Mr. LILL. Noncounterfeitable money, which was printed by the American Bank Note Co. Now, there was some time given—there is a question whether sufficient time was given—after the issue of this new currency for the holders of the old currency to redeem their notes, but at any rate, according to the orders issued, all this old currency is out of existence.

The CHAIRMAN. Yes; they repudiated everything except the non-counterfeitable money with the exception of Monclova paper 5,000,000 pesos, constitutionalist paper 25,000,000 pesos, paper of the provisional government 42,625,000 pesos.

Paper of the provisional government of Vera Cruz, 599,329,221 pesos, or a total of 671,954,221 pesos. Now, that is all they agreed to exchange or to take up with the noncounterfeitable money.

Mr. LILL. 600,000,000?

The CHAIRMAN. 671,954,221 pesos.

Mr. LILL. I can not give you any—well, if that is all they agreed to redeem is there any more they said they would not?

The CHAIRMAN. Yes; all this paper you have there, with the exception of one \$10 bill and one \$5 bill was repudiated. That was never taken up at all; never agreed to be taken up.

Mr. LILL. There is a very good reason, I should say, for that. If these generals, without authority—generals were operating in their own territory and issuing paper currency without authority, I do not see how any central authority could recognize that.

The CHAIRMAN. I am stating the facts. I am not arguing the question whether they could do it. And this Chao currency, the Sonora State currency, was issued when Mr. Carranza went over to Sonora and established his so-called government in that State of Sonora. And the Chao currency was issued by Manuel Chao, acting governor of the State of Chihuahua. This money you have here is the only money that was provided to be taken up, this State of Chihuahua money, this Sonora money, and this Manuel Chao currency.

Mr. LILL. The Chao currency to which you refer was issued by Francisco Villa.

The CHAIRMAN. Yes, sir.

Mr. LILL. I hope it is not the opinion of this committee that the Carranza government should redeem Villa currency. I believe that the currency issued by Villa prior to his break with Carranza was recognized by Carranza, but no currency issued by Villa after that time was recognized.

The CHAIRMAN. That is all right. We can establish that by actual proof.

Mr. LILL. In looking into the financial situation I had to go into this thing, and I have my working papers somewhere showing the actual amount of paper currency taken in and burned, and I can give you much information, if you desire it.

The CHAIRMAN. I think I have all that here. However, if I find I have not later I would be very glad to have you clear the matter up, because there are a great many thousands of Americans and other business men, as well as Mexicans, who would be very glad to know that there was ever any effort made to take up any of this currency.

I can say to you that all of this currency that I have handed you came to me through an American bank.

Mr. LILL. Well, there was a lot of that currency which was not redeemed which was not presented by the people because when the decree came out authorizing the issuance, or the giving out of new money for the old money, lots of people did not think the new money was any better than the old and did not take advantage of it.

The CHAIRMAN. You do not think that applied to American bankers and Mexican bankers over the Republic, do you?

Mr. LILL. I should not be surprised if it applied to all of them.

The CHAIRMAN. It is a fortunate thing if that is true.

Mr. LILL. But, Senator, American bankers probably did not hold this money at the time those decrees were issued.

The CHAIRMAN. Yes; they did. I showed you the memorandum, this memorandum made by the bank: "Carranza first issue redeemable by provisionals." This was given me by the bank in Nogales, not 50 yards from the house of Pani, the ambassador. This, Carranza issued at Vera Cruz, the legal tender, was the part they did not turn in, and that is all they could turn in.

Mr. LILL. The only question in my mind is did the banks hold this over the period stated by the decree or did these bills come into the bank from their depositors after the period for their redemption had expired?

The CHAIRMAN. I will ask you where you got your information.

Mr. Lill, with reference to the redemption of this currency?

Mr. LILL. As I stated, I went into the redemption department of the Treasury and I made an investigation to determine the liability of the Mexican Government for issued currency.

The CHAIRMAN. Understand me, I have no doubt in the world—I understand you are a responsible accountant and I have no doubt in the world you reached an honest conclusion, but your conclusions are limited by the information you had. I am simply asking for my information, what information you had, and where you got it?

Mr. LILL. The more questions of that kind you ask the better I will be pleased, Senator.

I first tried to set out a balance sheet of the Mexican Government, and in order to do that I had to know the assets and liabilities. One thing that struck me first was currency and it took considerable time to get the information, and I based my judgment upon the record of decrees showing when these different currencies were redeemable and when they became void, but I haven't got my papers here, but it is my recollection they were all taken up into that Vera Cruz issue which was later converted into the infalsificables. I think, as near as I can find out, there was about 750,000,000 pesos of that currency issued.

A very large part of that has been redeemed, and has been burned.

The CHAIRMAN. I have the exact amount here which has been burned.

Mr. LILL. You mean burned by the Government?

The CHAIRMAN. Yes, sir.

Mr. LILL. I think it is estimated by the Government that President Carranza in his message mentioned 350,000,000 pesos, but it is my judgment there were not more than 300,000,000 out at June 30.



1917. Since that time the Government has been redeeming that currency by requiring a payment of part taxes in paper currency. This currency is being redeemed at the rate of about 60,000,000 pesos a year. It was only worth 20 centavos, or 10 cents American.

The CHAIRMAN. There were 41,863,773 exchanged for gold at 10 per cent; 4,040,956 exchanged directly in infalsificables at 10 per cent; 65,985,174 lost by the public; 560,064,318 immediately exchanged, or a total of 671,954,221 infalsificables. This memorandum from which I am reading is, to my mind, from perfectly satisfactory sources and, I think, corresponds fairly closely—

Mr. LILL. I do not know where your source is, Senator. I can only give you my source.

The CHAIRMAN. We are not very far apart. But what I was asking, Mr. Lill, was simply as to the source of your information, which is, I understand, from the Carranza decrees in reference to the different currencies.

Mr. LILL. You might say the daily cash transactions of the Mexican treasury covering over a period of a year or two. I do not think there are over 150,000,000 outstanding now.

The CHAIRMAN. No; I doubt whether there is that much.

Mr. LILL. Nobody knows.

The CHAIRMAN. That is all the pesos they agreed to redeem?

Mr. LILL. There is any quantity of the other that, as I understand, they have agreed to redeem up to a certain time, and upon failure to present them were declared void.

The CHAIRMAN. Yes; there is no question about the correctness of your information except that mine goes a little bit further. There were various of these generals who at one time or another were with Carranza and then would quit him and then again would go back with him, and whenever one of them quit him it was customary to declare that the money was not any good that was outstanding. Those who finally were with him at the time you mention—for instance, at that particular time there was Gen. Villareal and others. Villareal was his governor of the State of Coahuila, but the Villareal money was not Monclova money.

Mr. LILL. It was not redeemed.

The CHAIRMAN. No; neither was the original Bank of Torreon money ever redeemed, nor the Bank of Sonora, although it was taken and used; also the Banco Minero in Chihuahua.

Mr. LILL. You mean the bank notes?

The CHAIRMAN. Taken and used and made legal tender, and then repudiated. The banks have been trying to get it secured. That is the reason I was asking you for the sources of your information, because if you had investigated outside—of course, however, it was not your business to do so—

Mr. LILL. I did, Senator. I was in constant conference with Muirhead, of the Canadian Bank, and others. I discussed this thing with them quite often.

The CHAIRMAN. Those were the City of Mexico banks?

Mr. LILL. I know the business of some of those banks outside.

The CHAIRMAN. Do you know what the banking system of Mexico was, Mr. Lill, prior to the revolution?

Mr. LILL. The banking system?

The CHAIRMAN. Yes.

Mr. LILL. I think I have an idea; yes, sir; I think I know it.

The CHAIRMAN. All the banks, the State banks, throughout the entire Republic, or practically all of them, had a form, a combination, you might call it, working through the Banco Central, and the other issues were handled in that way through that bank.

Mr. LILL. By whom?

The CHAIRMAN. By the Banco Central, backed by the Mexican Government.

Mr. LILL. A kind of cooperative effort?

The CHAIRMAN. Yes, sir. For instance, at one time just shortly prior to the revolution, the henequen crop was saved by the Bank of Yucatan coming to their assistance. That scheme was ruled out by Limantour and Enrique Creel, and prior to that time these bank notes did not circulate in any other State. The Bank of Sonora notes were not good in the State of Chihuahua. The Banco Minero did not; and both of those banks were as strong as any bank, almost, that we have in the United States, banks of five to ten million dollars capital. Still their notes did not circulate outside of the particular State until the formation of this banking system under the Banco Central, City of Mexico. The Bank of London, in Mexico City, and other banks in the City of Mexico, were not, except as they might handle business and capital with the other banks, members of this particular banking system, which extended into every State of the Republic.

Mr. LILL. They did not have to be, Senator, because notes of the Bank of London and of the national bank were accepted in all parts of the Republic under their charter. These other banks did not have this privilege.

The CHAIRMAN. I understand that, but the Bank of Sonora notes and the Banco Minero in Chihuahua and in Hermosillo were accepted, or any of their branch bank notes were accepted, on the Bank of London. The practice was, as to their own notes, that if there was a discount it was only that necessary to cover transmission.

Mr. LILL. You are familiar, of course, with the increase in the authority to issue bank notes?

The CHAIRMAN. Since when do you mean?

Mr. LILL. From Huerta's time.

The CHAIRMAN. I will admit that I paid very little attention to presidential decrees as affecting banks or Government finances.

Mr. LILL. The national banks were allowed to issue two for one, I believe—2 pesos for every dollar of deposits and capital. I am speaking from recollection now. I would have to verify that from my report.

The CHAIRMAN. When did Mexico go on a gold basis?

Mr. LILL. Well, I should say it went on a gold basis in 1905, with the reorganization of the currency, although Kemmerer takes some exception to that, due to some provision in the law. I think it is purely technical.

The CHAIRMAN. The effort of the Carranza government has been not to put Mexico on a gold basis, but to actually take up this outstanding currency on some immediate basis and to provide then a metallic reserve for the protection of outstanding currency.

Mr. LILL. When we got there, Senator, there was no paper currency in circulation. All this currency that you speak of was hoarded

and there was no market for it, and it was not passing. To protect that outstanding currency depended entirely upon the ability of Mexico to secure funds for it. Our part there was to provide Mexico with a new currency system, and we suggested a paper currency with an adequate gold reserve to be maintained, which could not be adopted, because Mexico could not get the gold or could not put the gold aside to provide the reserve.

The CHAIRMAN. How long did the effort continue to convert the paper into metallic money while you were there?

Mr. LILL. I do not believe there was any effort made to do that, Senator. The paper currency practically disappeared in November, 1916, and they started on a metallic basis. I do not know of any currency being redeemed from that time on.

The CHAIRMAN. From 1916?

Mr. LILL. Yes, sir.

The CHAIRMAN. How are these infalsificables redeemed?

Mr. LILL. They are redeemed in this way: Every dollar of taxation by certain prescribed taxes require 1 peso of infalsificable currency in addition, a surtax.

The CHAIRMAN. What was the rate of exchange under Circular 135?

Mr. LILL. I do not recollect that particular circular, Senator.

The CHAIRMAN. I have it here; 32 infalsificables for 1 peso of gold.

Mr. LILL. Thirty-two pesos, you mean?

The CHAIRMAN. Yes, sir. And then under Circular 142, 150 infalsificables to each peso gold in payment of taxes and wages.

That was followed by another decree of March 29, 1917, with reference to infalsificables; do you know what the effect of that decree was?

Mr. LILL. What was that decree? Have you got that decree here?

The CHAIRMAN. No; I have not.

Mr. LILL. I think probably that decree was issued merely for the purpose of providing a basis for exchange operations with the banks as to debts expressed in the old currency. I am not sure, though.

The CHAIRMAN. No; it was to the effect—I have not the decree here—of placing an additional tax of 1 peso infalsificable for each peso gold on import duties so as to get in the infalsificables. Where there was a peso gold import duty, then they adopted a decree that you had to pay an additional peso of infalsificable so as to get the infalsificables in. That was also on the production of petroleum.

Mr. LILL. Internal taxation, too, I think.

The CHAIRMAN. You spoke of the administration's collection of customs and your getting constant notices as to the collections, etc. Did you get reports from the ports of Nogales and Agua Prieta?

Mr. LILL. It is my recollection that we did. That situation was handled by Roberto Pesquera, who was agent for the Mexican Government on the American side, and as I understood it he collected the money from that section of the field deposited in American banks and transmitted it down in another way. It is my recollection, sir, that we had telegraphic reports from every office in the Mexican Republic.

The CHAIRMAN. I was wondering how closely you checked up the reports with actual receipts.

Mr. LILL. You mean by that, making a field audit?

The CHAIRMAN. Yes; or making any other kind of an audit. When you got reports of collections for a certain month, did you check that report up with the actual receipts which were forwarded to the City of Mexico?

Mr. LILL. Yes, sir; they were all checked up in the audit section.

The CHAIRMAN. Did you have anything to do with that?

Mr. LILL. We organized it.

The CHAIRMAN. I mean, personally. Did you check it with the telegraphic reports as to the receipts?

Mr. LILL. With the telegraphic reports?

The CHAIRMAN. Well, any report.

Mr. LILL. The telegraphic report was merely for information to allow the Executive to administer the affairs of the country. We had every officer render a monthly report with all supporting vouchers, which received quite a thorough audit in the central office.

The CHAIRMAN. Did you pass among those vouchers the amounts retained by the military authorities of the State, for instance, of Sonora, for military expenses? How was that accounted for?

Mr. LILL. At one time I believe you referred to the extraordinary expenses each general was provided with at a certain time. Those were passed upon along about May or June, or possibly after that, when Mr. Carranza got after that and practically cut that thing out. I know we cut out those extraordinary expenses of that character in Vera Cruz from eight hundred thousand a month, or something like that, to five or six thousand. That was a very great evil.

The CHAIRMAN. Yes; it was a very great evil; but the question is, Did you find it was a necessary evil or one that could be remedied?

Mr. LILL. It apparently has been remedied by the President now, Senator, by cutting it out, reducing it.

The CHAIRMAN. You are speaking of Vera Cruz, but I was inquiring as to the Northern States with which I happen to be more directly personally familiar than I have been for years with the Southern States. Take Cantu, for instance. How much money did Cantu ever turn over to the Carranza Government?

Mr. LILL. Where was he governor? He was governor, was he not—

The CHAIRMAN. Governor of Lower California, and is now.

Mr. LILL. I do not know whether he ever turned any money over. My recollection is that the receipts of Lower California were hardly sufficient to pay expenses.

The CHAIRMAN. You do not remember about the State of Sonora? That is one of the largest States.

Mr. LILL. We do not get any report from the States. We merely get reports of the Federal officers. The State is just as separate from the Government as our States here are.

The CHAIRMAN. I know that, Mr. Lill. I have been fairly familiar with the Mexican Government and State governments—I was going to say as familiar, almost, as I am with the United States. But I am speaking of the customhouses in the States. I imagine the customhouses on the border of the United States, Nogales and Agua Prieta, opposite Douglas, are the two large customhouses in Arizona, and I happen to know something about how they are run and how the expense is being paid, and I was inquiring of you if you had checked up

as to the amount of the customs actually collected and the amount which the National Government got out of it.

Mr. LILL. I do not do that personally, and I do not know. I presume that was done in the auditing office. That would be covered by the audit. But if there was any discrepancy, and I believe there were a great many discrepancies, it would not be, as far as I could determine, in the account itself or in the form of transaction; that is, if a man was going to embezzle any money he would not render any account current to the Government or put in false vouchers. It was all worked in another way—by personal payments to officials for allowing stuff to go through without the proper vouchers.

The CHAIRMAN. I did not mean for a moment that there was any embezzlement on the part of the governor of Sonora, for example. There are certain State revenues to support the State government, and the national revenues are not supposed to go to the support of the State governments. I was wanting to know to whom the national revenues went, of the State of Sonora, collected through the customs house, or the 20 per cent on land tax and supertax, on other States taxes, placed by the Federal Government, including, for instance, a mining tax, which is altogether a national tax.

Mr. LILL. I can not answer that definitely, because all those taxes are collected. They come in and are reported to the central treasury. Two million pesos may be ordered remitted to Mexico City and a million pesos might have been remitted to some other place, or two million disbursed among various objects. It is almost impossible to tell that.

The CHAIRMAN. Why did you come to the conclusion that Mexico can only afford a debt of 550,000,000 pesos when, under a debt of 425,000,000 pesos, Diaz left 73,000,000 pesos in the treasury and had the country on a par basis in so far as its securities were concerned?

Mr. LILL. That 73,000,000 pesos, of course, Senator, was not the savings of any one year. That was the accumulation of probably eight years, seven or eight years, as I recall. The reason why I said that is that in Diaz's time the national budget included the Federal districts—about 16,000,000 pesos, I think—and the expenses of the various Territories and a number of other things. The new budget does not include those. The laws now provide that the Federal District and the Territories shall be self-supporting, so that in any comparison of the two budgets you have either got to eliminate the Federal District from the Diaz budget or add a corresponding amount to the Carranza budget and eliminate the Federal Districts in those expenses, which would average about 90,000,000 pesos a year, of which practically 25,000,000 pesos were for payment of the debt. That would leave 56,000,000 pesos, approximately, for the current operations of the Government exclusive of the debt.

Prices have risen in Mexico, like everywhere else. Salaries should have risen. You can not run a Government to-day for the same amount that you ran it in 1910. You have got to have pretty close to double that amount to run Mexico to-day.

The CHAIRMAN. Upon what do you found that statement, Mr. Lill?

Mr. LILL. Partly from the cost of living, sir.

The CHAIRMAN. How are you basing that—on the cost of living in Mexico, in Mexico City, or the cost of living in the Republic of

Mexico generally, among the great mass of the people, or are you basing that upon the comparative cost of living in the United States?

Mr. LILL. No; from the cost of living in Mexico, from what I get from employees.

The CHAIRMAN. In the Republic of Mexico?

Mr. LILL. Yes, sir.

The CHAIRMAN. What means did you take to ascertain those figures?

Mr. LILL. For instance, it frequently happened that in certain territories application would be made for an allowance to cover an increased cost, and in quite a number of States or districts we had to make employees an additional allowance over their pay to offset the increased cost of living. They can not live on their pay. Mexico to-day is a much dearer place to live than the United States, and the salaries have not gone up. I think it is perfectly safe to say that the increased cost of everything will increase the cost of operation of Mexico. In addition to that Mexico never did do what she should have done in the way of education. So that her educational program, in addition to the increased cost of government—I do not see how she can possibly get it under one hundred to a hundred and ten million pesos for current operations—

The CHAIRMAN. Right there, what do you mean by her educational program? You mean some report that has been made to the Carranza government with reference to an educational program or do you mean some decree or some act of Congress?

Mr. LILL. No, sir; I merely referred to the evident fact that Mexico had not done very much educational work and that she should undertake a broad educational program as one of the functions of government.

The CHAIRMAN. Either under the Diaz administration or under this administration what has been the educational program in Mexico?

Mr. LILL. I can not give you much information on that. It is a matter I know very little about.

The CHAIRMAN. You know what the educational program of this country is. The National Government does not support public schools, does it?

Mr. LILL. No, sir.

The CHAIRMAN. Does it in Mexico?

Mr. LILL. I think it is beginning to to a certain extent, and where the educational facilities are in the States some action must be taken, it seems to me.

The CHAIRMAN. I am only asking you as to whether—

Mr. LILL. I do not know very much about it.

The CHAIRMAN. The budget for 1918 was 21,000,000 pesos, was it not?

Mr. LILL. That is, by the Federal Government, Senator.

The CHAIRMAN. Yes.

Mr. LILL. No, sir; I think that the educational department of the Government is what they call the department of university. They had 2,270,000.

The CHAIRMAN. What was it in 1917?

Mr. LILL. I have not the budget. It was about the same. I do not know, because the first budget after the revolution was prepared in July, 1917, but was about the same, I think.

The CHAIRMAN. You are positive there is no educational budget further than that university budget there?

Mr. LILL. None outside of the payments which might have been made by the central government to the federal district for schools for some of the States to support school work.

The CHAIRMAN. That is exactly what I am talking about. I was asking you about the educational system of Mexico; and under the educational system of Mexico the National Government did provide for the schools in the federal districts and in the territories and left the States to provide for their own schools?

Mr. LILL. Not this year, Senator.

The CHAIRMAN. You may have cut that out. I am speaking of what the practice has been.

Mr. LILL. Yes; you are correct. The practice prior to the constitution of 1917 was that the Federal Government paid for educational purposes in the federal districts and territories. After that it did not.

The CHAIRMAN. Has there been a law passed to carry out the provisions of the constitution of 1917?

Mr. LILL. I do not believe so, sir.

The CHAIRMAN. What does this recent strike of the school-teachers in the federal districts mean—do you know?

Mr. LILL. They had a number of strikes down there. The strikes were generally due to the fact that the employees could not get the salaries. The federal district was made autonomous by this constitution and was supposed to get its own revenues. They provided quite an elaborate structure of government, which was entirely too expensive and they did not have much left for the teachers. It frequently happened there, even as to my own employees, that they had had to wait. I have waited myself—not being different from my employees. The teachers would have to get along for two or three or four months without possibly any salary at all.

The CHAIRMAN. Where were they supposed to get their salaries?

Mr. LILL. From the Federal district.

The CHAIRMAN. What character of government did they have in the Federal district?

Mr. LILL. A commission form, I think—three commissioners.

The CHAIRMAN. And they were supposed to raise their own revenue by their own taxation and support themselves, including their schools?

Mr. LILL. Yes, sir. A bill has recently been introduced in the Congress putting it back under the Federal Government, but it has aroused a good deal of opposition in the Congress.

Might I get back to that maximum debt, Senator?

The CHAIRMAN. Yes; go ahead.

Mr. LILL. I am only speaking now of the maximum debt which could be assumed by Mexico at the present time. It is reasonable to suppose that in 10 years the Mexican revenues will increase if she adopts a broad policy of immigration and increases her population from 15,000,000 to 30,000,000 in the next 10 years. The chances are that her revenues will be amply sufficient to take care of any liability which she may have; but for the present reconstruction of Mexico or the present reorganization, she can not possibly pay over twenty-five

to thirty million pesos a year right now. Future payment depends to a certain extent upon rehabilitating her banks, getting money, restoring her railways and probably establishing a new Federal bank which she wishes to do.

The CHAIRMAN. Do you know whether Mexico has anything to show for her 425,000,000 pesos indebtedness in the way of national improvements of property?

Mr. LILL. I worked that out, Senator, in this report, and I asked at the time I should be notified that I be given sufficient time to get my papers, and I did not have time enough.

The CHAIRMAN. I would like very much to have that.

Mr. LILL. I worked that out, and I think the railways got over 200,000,000 pesos. There is only about 80,000,000 pesos out of that total of 400,000,000 pesos which appears to have been spent in current expense of operation. The majority of it was spent for public works.

The CHAIRMAN. When you went down there with this commission to work out your budget system, to advise the Government generally and to perform the services which you have been performing, what was the idea? You are an American. I will ask you who composed the commission with whom you went down there?

Mr. LILL. We were asked to go down there individually first, by Mr. Cabrera and Mr. Pani. After we got down there on our suggestion they organized a commission. I was very curious to know, and I found that in Mr. Pani's department he had heard of President Taft's economy commission and had sent up and got reports from that commission and he tried the same thing down in Mexico. In fact, he had taken some of these Taft reports and had worked out reformatations along the line of standardization of files and correspondence, himself. But so far as I can find, the idea was not new.

The CHAIRMAN. Who composed this commission?

Mr. LILL. Luis Cabrera, who was then the secretary of the treasury; Rafael Nieto, assistant secretary of the treasury; Alberto J. Pani, secretary of commerce, labor, and industry, who is now ambassador to France; Manuel Rodriguez Gutierrez, secretary of public works; Mr. Bruere, and myself. The names are on that folder.

The CHAIRMAN. I noticed Mr. Cabrera's name as a member of the commission, but I did not notice yours.

Mr. LILL. What folder is that? At that time I was not a member, but I was afterwards. I was alternate for Mr. Bruere. Whoever happened to be on the job acted as a member, but it was not advisable to make the Americans too prominent in that connection. I have not stated I was a member. I said I was an accountant and acting director.

The CHAIRMAN. Mr. Bruere is a member. Luis Cabrera, Alberto J. Pani, Rafael Nieto, Manuel Rodriguez Gutierrez, Henry Bruere, and Alberto Hajar y Haro was secretary.

What did you have in mind? Was there any thought of attempting to assist Mexico in funding her debt or in financing Mexico in any way when this commission was formed through loans or advances from the outside?

Mr. LILL. No, sir; not the slightest. It was not until along about eight months afterwards that we talked it over and decided, or came to the conclusion, that effective financial assistance was the basis for any real reorganization of Mexico. But at that time we had no such idea.



The CHAIRMAN. At the time you did come to such a conclusion, what efforts, if any, did the commission make to carry out the plan?

Mr. LILL. The commission made none at all.

The CHAIRMAN. What efforts were made by the Mexican Government, acting upon the advice of the commission, if any?

Mr. LILL. The commission was allowed to disband in June, 1918. No effort had been made up to that time—that is, concerted effort—to secure any funds. After that time I went down to Mexico again in October, and I discussed the matter with President Carranza, and as a result of that he sent his secretary of finance, then Mr. Nieto, up for a conference with the bankers.

The CHAIRMAN. What bankers?

Mr. LILL. The International Bankers Committee.

The CHAIRMAN. In New York?

Mr. LILL. Yes, sir; of which J. P. Morgan is chairman.

The CHAIRMAN. Were the negotiations with Mr. Nieto successful?

Mr. LILL. I would rather not make any statements about the negotiations. They may be a confidential matter, sir. I do not think he obtained any funds, and, personally, I do not think his mission was by any means a failure.

The CHAIRMAN. The basis upon which this proposition or suggestion or attempt to finance Mexico was made was founded on the figures you have given us here, that Mexico would be able to maintain an indebtedness of 550,000,000 pesos?

Mr. LILL. The basis of the negotiations was given by Mr. Nieto.

The CHAIRMAN. Is that formed upon your report?

Mr. LILL. I have no idea. I am not sure that the basis which he outlined is the basis which I have discussed. I am not seeking to give you any information as to anything of that kind. I am trying to give you my conclusions after my study of the matter.

The CHAIRMAN. In arriving at your conclusions as to the amount of indebtedness which Mexico could assume and discharge—that is, 550,000,000 pesos—were those figures based on a peace status or on a war status?

Mr. LILL. That is a conclusion based upon a peace status.

The CHAIRMAN. Do you provide for a military budget in that 550,000,000 pesos?

Mr. LILL. Yes.

The CHAIRMAN. What was the amount of it?

Mr. LILL. I think about 60,000,000.

The CHAIRMAN. Per annum?

Mr. LILL. Yes, sir.

The CHAIRMAN. How many men did you figure that would support in the army?

Mr. LILL. I did not figure that out. I did not try to form any conclusions along that line. I merely took the amount of money and tried to arrive at some conclusion as to what they would require after peace was established.

The CHAIRMAN. You must have had information from some one who did assume to know, before you could arrive at any conclusion as to the amount necessary in a military budget. You must have had some information—or did you just do that arbitrarily and set aside 60,000,000 pesos?

Mr. LILL. You might describe my first effort as arbitrary, but after that I will not say it is mine. I am giving you the information which is what I understood to be the general feeling among such officers as I discussed it with after going into the matter.

The CHAIRMAN. What was the Diaz budget?

Mr. LILL. For the army? I do not believe I have it here. It is in the report that I did not bring with me this morning. The proportion is a great deal smaller. But at that time I understand the States maintained the rurales and never had maintained a military establishment. At the present time that entire establishment, if I am not mistaken, has been taken over by the Federal Government.

The CHAIRMAN. The rurales were a national force. The States maintained State troops, the State police and the gendarmes.

Mr. LILL. The States paid the rurales, did they not? The States contributed to the Federal treasury, I believe, enough to pay for their rural forces?

The CHAIRMAN. No; except in the form that they contributed to the Federal treasury in other matters, by a superimposed tax on the State land tax, and matters of that kind. The rurales were a Federal police force. The States had a national guard that corresponds to our national guard here, and the national army was entirely distinct.

I wish you would get that report for the committee. This matter, of course, is somewhat interesting, and this committee can only meet rather irregularly at this time on account of the exigencies in the Senate. It will be necessary for me now to call a halt in the present hearing. I will not arrange for a hearing to-morrow definitely. We will take an adjournment now subject to the call of the Chair.

If you can conveniently get that report and have it over here some day this week, and let us know when you are here, I would like to have it; and I would like to make some further inquiries of you along the line that you have already testified.

Mr. LILL. Very well, sir. I think I can get that report without much trouble.

The CHAIRMAN. We will give you all the time you need to get up anything that you wish.

In addition to the reports which you have furnished, if you have any others which are typewritten, copies of which you can furnish the committee, we will be very glad to have them.

Mr. LILL. I wish I could, Senator, but it seems to me that the only reports which I am at liberty to give are those that I have in print. They are public property.

The CHAIRMAN. That is up to you, of course. I will not be insistent upon it. The subject which we are discussing is one of very material interest to all of us who are interested at all in Mexico.

(Whereupon, at 1.20 o'clock p. m., the subcommittee adjourned subject to the call of the chairman.)

# INVESTIGATION OF MEXICAN AFFAIRS.

MONDAY, OCTOBER 6, 1919.

UNITED STATES SENATE,  
SUBCOMMITTEE OF THE COMMITTEE ON FOREIGN RELATIONS,  
*Washington, D. C.*

The subcommittee met pursuant to the call of the chairman at 10.30 o'clock a. m., in room 128 Senate Office Building, Senator Albert B. Fall presiding.

Present: Senators Fall (chairman) and Brandegee.

Present also: Maj. Dan M. Jackson.

The CHAIRMAN. The committee will come to order.

## TESTIMONY OF THOMAS RUSSELL LILL—Resumed.

The CHAIRMAN. Mr. Lill, when the committee adjourned the last time and you were on the stand, you stated that you had certain reports and data in your office in New York which you would obtain and bring here when you continued your evidence. Have you those reports to which you had reference at that time, with you now?

Mr. LILL. Yes, sir.

The CHAIRMAN. Well, sir; we will be glad to hear from you. Just go ahead this morning.

Mr. LILL. Your last question, Mr. Senator, was as to whether I had any information regarding what was done with these loans in Mexico; what productive works had been gotten out of it.

The CHAIRMAN. Yes; I believe that was it. That was the Diaz loan, outstanding bonded indebtedness.

Mr. LILL. Well, I will just read this paragraph.

Data is not available to show the disposition of the proceeds of the various Government loans. Fernando Gonzalez Roa in his book *El Problema Ferrocarrilero* published in 1915, states that up to June 30, 1902, the Government had paid out in subsidies to railroads the amount of pesos 144,891,743.92. As the 4 per cent loan of 1904 amounting to pesos 80,000,000 was issued after the date referred to by him and was issued for the payment of notes given as subsidies to railroads and for public works, it is probable that this amount should be added to the total stated by Roa. It is reasonably certain that the 3 per cent loan of 1885 was used to consolidate the floating debt.

The CHAIRMAN. Well, those two last loans, 174,000,000 and 80,000,000 would be 255,000,000 pesos or approximately \$80,000,000. That was, you say, for railroad subsidies?

Mr. LILL. Yes. [Reading.]

It is reasonably certain that the 3 per cent loan of 1885 was used to consolidate the floating debt. What portion of the 5 per cent interior loan of 1894 was used to pay floating indebtedness and what portion was used for public works is not known.

From these various statements we may arrive at an approximation as to the disposition of the larger part of the bonds issued, as follows: That is up to the time of the Diaz—up to 1910:

For consolidation of the floating debt.....	\$54,930,086.82
Debts assumed by the Government.....	33,638,000.00
For the construction of railways.....	244,891,743.92
And the balance, which I was not able to segregate.....	89,900,000.00
<hr/>	
Making a total of about.....	422,673,825.00

I carried that on to the next step to see what effect these large expenditures had upon national revenues——

The CHAIRMAN. Before you get to that, let us see for a moment. You say the accurate data was not to be obtained there, and the statements you have just made are from some book. Why were not the accurate data to be obtained?

Mr. LILL. I beg pardon?

The CHAIRMAN. Why was not the accurate data with reference to this indebtedness or the expenditures obtainable?

Mr. LILL. Well, the accounts are very poorly kept from 1885 up, and it was not until probably the last two or three years of Limantour's régime they began keeping better accounts.

The CHAIRMAN. Did you have your attention drawn to the national improvements in the way of drainage of the Valley of Mexico?

Mr. LILL. Yes.

The CHAIRMAN. Do you know how much that cost?

Mr. LILL. I do not know; no, sir.

The CHAIRMAN. Do you know who did the work?

Mr. LILL. I think Pearson did the work. I am quite sure he did.

The CHAIRMAN. Now, you speak of railroad subventions amounting to approximately \$244,000,000. Did that include the Yucatan Railroad?

Mr. LILL. No; that did not include that. That was paid—well, it included the Yucatan Railway, but it was not in the form of subsidies. The bond issue was issued direct to the contractor for the construction of the road. When I speak of subsidies, they followed our American plan of giving the contractor so much a mile.

The CHAIRMAN. That is, they did with some roads?

Mr. LILL. Yes; some roads.

The CHAIRMAN. Others they did not?

Mr. LILL. No, sir.

The CHAIRMAN. Do you know anything about the public buildings in Mexico, such as the uncompleted National Theater in the city of Mexico?

Mr. LILL. Yes, sir; I believe that stands about 14,000,000 pesos at the present time.

The CHAIRMAN. Is that covered into this indebtedness? That is, was it included in the bonded indebtedness?

Mr. LILL. I can not answer that definitely, because, as I recollect the budgets, they paid that out of their current revenues, or incurred floating liabilities and then issued bonds later to take up the floating debt, and that floating debt usually included quite a number of things.

The CHAIRMAN. Well, you found the data with reference to it in the records so that you could understand it?

Mr. LILL. Well, I made no notation of it. It is in the budget.

The CHAIRMAN. What about the street paving in Mexico City and other cities of Mexico? Do you know anything about that?

Mr. LILL. That is not in the federal Government accounts at all. That was paid by the federal district of Mexico City and other cities.

The CHAIRMAN. It constituted public improvements, however. Was it included in the internal bonded indebtedness?

Mr. LILL. I do not know, sir; there is quite a large debt there of the federal district which is included in the foreign debt.

The CHAIRMAN. You spoke the other day of some of the internal indebtedness having undoubtedly been covered into the external indebtedness, external or foreign bonds, and I was wanting to know whether the records show the conversion of any part of this, and, if so, what it was for and why it should be converted into what they call foreign bonds.

Mr. LILL. I would not say the debt was converted from an interior debt to a foreign debt except as the floating indebtedness existing was paid off by the proceeds of bond issues secured wherever they could get it. That federal district bond issue certainly was placed in England.

The CHAIRMAN. You say that the records for the last two or three years prior to the Diaz resignation were not well kept, the financial records. Do you know whether or not they had expert accountants there prior to that time? Do you know who made the arrangements for the funding of the debts in 1884 and 1889 and 1894?

Mr. LILL. I think Mr. Limantour did that—not in 1884. He was not there then. But he completed the largest financial transaction there, the refunding of the consolidation of the debt into that loan of 1899 and the refunding of that, or half of it, in 1910.

The CHAIRMAN. Well, Mr. Limantour also completed the negotiations for placing Mexico on a gold basis, did he not?

Mr. LILL. Yes, sir; he did that. That was in 1905.

The CHAIRMAN. Was not Mr. Limantour recognized generally all over the world as an exceedingly able financier?

Mr. LILL. I think he is, sir.

The CHAIRMAN. That was his reputation in France and Russia and all over the world, was it not?

Mr. LILL. Yes, sir; and I was up to see Gov. Gen. Forbes just a short time ago and he knew Limantour very well and he expressed that same opinion. I would like to add, though, sir, that I do not think Mr. Limantour is a more able man than Mr. Cabrera.

The CHAIRMAN. Well, I am glad to have your opinion. Mr. Limantour was in close association, at least in the matter of advice and consultation, with the principal American financiers, was he not, while he was secretary of hacienda?

Mr. LILL. Yes, sir; but there is a very interesting chapter in there which covers Mr. Limantour's negotiations. He came up to New York on his way to Europe for the purpose of beginning negotiations for the refunding of that loan—of the 1899 loan. He was met there by the representatives of all the large banking houses in the United States, who made propositions to him for the refunding of the debt. In Mr. Limantour's report he states that he could

only take these matters under consideration, because it would be foolish to consolidate the Mexican debt in the United States or to exchange European creditors who were thoroughly familiar with Mexican conditions for new creditors who were not. And he pointed out that we frequently had very great fluctuations in currency and the exchange rate varied a great deal. Due to all these considerations he placed the loan in Europe.

The CHAIRMAN. When did Mexico go on a gold basis—in 1905?

Mr. LILL. In 1905.

The CHAIRMAN. Do you know who Mr. Limantour's assistants were at that time, or who was his principal assistant on that mission for placing Mexico on a gold basis?

Mr. LILL. I am sorry I can not give you the names now. I have it in a report but I did not bring it down with me. I think it was three Mexicans.

The CHAIRMAN. I asked you the other day if you knew anything about the formation and the plan of the formation of the Banco Central in Mexico. Do you know whether or not any Americans were interested in that or assisted in it?

Mr. LILL. I do not know, sir.

The CHAIRMAN. Have you any more information now with reference to the plan on which the Banco Central operated than you had when you were here before?

Mr. LILL. I have not had time to look it up. I made a report on the banking situation—wrote it—it is not completed, by no means a complete study, but the Banco Central was substantially as you had outlined it.

The CHAIRMAN. All right, sir, go ahead with your statement.

Mr. LILL. Well, it seems that the papers the other day, Mr. Senator, stated that the Mexican debt was approximately \$1,000,000,000. Mr. Cabrera sent me a cable in which he took exception to that and said that the latest information was contained in the President's last address to Congress in which he expressed the opinion that the Mexican debt would probably be in the neighborhood of 1,000,000,000 pesos, which would mean \$500,000,000. That, I think, fully covers the debt from my investigations also. But there is a big difference between \$500,000,000 and \$1,000,000,000.

Senator BRANDEGEE. Does that include all unpaid interest?

Mr. LILL. Yes, sir; includes damages—claims for damages.

Senator BRANDEGEE. Who estimates those?

Mr. LILL. I presume the president estimated it in his last message.

Senator BRANDEGEE. Carranza?

Mr. LILL. Yes, sir; I do not know what the claims amount to which have been presented, but I doubt whether they will go over \$25,000,000.

Senator BRANDEGEE. What claims?

Mr. LILL. Claims of foreign residents.

Senator BRANDEGEE. Against Mexico?

Mr. LILL. Yes, sir.

Senator BRANDEGEE. That is estimated by Carranza?

Mr. LILL. He did not estimate that. I am simply going on claims presented on past revolutions. They never have gone up as high as that.

The CHAIRMAN. \$25,000,000, did you say?

Mr. LILL. Yes, sir.

The CHAIRMAN. Not pesos?

Mr. LILL. Dollars.

Senator BRANDEGEE. By prior revolutions do you include all those that took place since 1910?

Mr. LILL. No; I mean back from about 1855.

Senator BRANDEGEE. Up to what time?

Mr. LILL. Up to 1910. That would cover—the largest consolidation would be about between 1884 and 1890 under Diaz when he settled all the claims of foreigners against his government.

Senator BRANDEGEE. Do you know whether Carranza made any estimate of claims for damages of any kind against Mexico since 1910?

Mr. LILL. No, sir; I do not believe he has. They organized a commission down there, a claims commission, to which all people having claims against the government could present their claims. This was purely a national commission and the claims of foreigners have not been presented to that commission, as I understand it.

Senator BRANDEGEE. Well, do you know whether it was the intention of those who appointed the commission that it should only have jurisdiction of domestic claims, Mexican domestic claims, against their own government?

Mr. LILL. No, sir; it was the intention to take jurisdiction of claims from everybody.

Senator BRANDEGEE. And you do not think any foreigners have handed in their claims against Mexico to that commission?

Mr. LILL. With very few exceptions they have filed their claims with the State departments of their respective governments.

Senator BRANDEGEE. Do you know what amounts of claims against Mexico have been filed with any other government?

Mr. LILL. I do not.

Senator BRANDEGEE. That is all.

The CHAIRMAN. Do you mean to say that there were any outstanding claims of individuals or governments for damages in Mexico at the time Diaz went out?

Mr. LILL. When he came in, Senator.

The CHAIRMAN. But when you were speaking of the \$25,000,000 in claims here, what claims did you mean that Mr. Carranza might have taken into consideration?

Mr. LILL. The claims against the present Mexican Government for damages caused by the last revolution.

The CHAIRMAN. You answered Senator Brandegee and you have me mixed on the question. You say there have been no claims presented to, or considered by, this commission, claims arising under the revolution of 1910, and then you speak of the claims that originated under the Diaz administration. Now what do you mean by that statement? What is the amount of those claims? That has all been funded, has it not?

Mr. LILL. That has all been settled.

The CHAIRMAN. As a matter of fact, has there been a claim against the Mexican Government of any kind of which you have knowledge, for personal damages since 1884?

Mr. LILL. Since 1884?

The CHAIRMAN. Yes.

Mr. LILL. Yes, sir; a great many claims, and I think they were settled by an international arbitration commission, if I am not mistaken.

The CHAIRMAN. At any rate, those claims now are all out of the way.

Mr. LILL. All out of the way.

The CHAIRMAN. They are represented in this funded indebtedness. Now, Senator Brandegee asked you, as I understand, if this estimate of approximately 1,000,000,000 pesos included claims for damages. I remind you now that we were talking about pesos the other day all the way through and not dollars.

Mr. LILL. Yes, sir.

The CHAIRMAN. And you estimated the debt at 671,000,000 pesos, and I called your attention to the fact that the estimate made by Mr. Carranza amounted to much more than that, and you ran it up yourself, as I recall it, to about 900,000,000 pesos, and now Mr. Cabrera tells you that, as pointed out by Mr. Carranza, it was approximately 1,000,000,000 pesos. None of use were talking about dollars at that time.

You were estimating what indebtedness Mexico could carry at 550,000,000 pesos, not dollars. So the same condition exists as you testified to before: that is, you said Mexico could assume and carry along an indebtedness of 550,000,000 pesos. You first estimated the indebtedness at 671,000,000 pesos, represented by bonds, etc., as the entire amount which you could give us here in detail, but upon having your attention called to Mr. Cabrera's statement and the President's statement which I have before me, we approximated it at something like 970,000,000 pesos. You claimed, however, in the 671,000,000 pesos that by virtue of the fact there was some irregularity in the placing of 190,000,000 pesos of indebtedness under the Madero and Huerta administrations—I believe you confined it to the Huerta administration—that a part of that might be repudiated or gotten rid of in some way, might not be a just debt, apparently your testimony tending to show that the actual amount of indebtedness which you found there, reducing it by whatever amount was found not to have been justly obtained or accounted for, would approximate the amount you claim Mexico can carry as a going concern, 550,000,000 pesos. Now, first, why should Mr. Cabrera wire you that the reports in the newspapers were wrong, as you say he has? Why should he do that?

Mr. LILL. I think the papers stated that the Mexican debt was approximately \$1,000,000,000.

The CHAIRMAN. But Mr. Cabrera attempts to make the distinction between the \$1,000,000,000 and the 1,000,000,000 pesos that we had approximately arrived at here in your testimony.

Mr. LILL. Yes, sir. May I straighten up that \$25,000,000 of claims?

The CHAIRMAN. Yes; I wish you would.

Mr. LILL. My statement of the debt which I prepared, as I would for any corporation, and which I think is correct, represents the principal of a debt and accrued interest up to December 31 of 1918, of 865,000,000 pesos. That includes the Huerta debt—the full amount of the Huerta debt, which probably will have to be arbitrated or investigated.



The difference between 865,000,000 and 1,000,000,000 is due to the interest, probably the interest on the debt from January 1 of this year to June 30 of this year, together with claims and various other things which is a pure guess on the part of the administration down there.

The CHAIRMAN. Now, why should it be a guess? You say that the accounts prior to two or three years before 1910 were irregularly kept and you seem to think that it was harder to get at the accounts back of 1910 than it has been for you to arrive at some conclusion since then. Have the accounts been better kept since 1910 than they were prior to 1907?

Mr. LILL. No; I said, Mr. Senator, that the accounts for the last two or three or four years of Limantour's administration were better kept than they had been before that time.

The CHAIRMAN. From 1910, from the end of Limantour's administration, up to the present time how have they been kept?

Mr. LILL. Well, with the Madero revolution the records were fairly well kept up to June 30, 1912, or possibly 1913. The organization was kept intact. From—

The CHAIRMAN. Right there. Did you find any account of the repayment to the Madero family of something approximating 700,000 pesos out of the treasury?

Mr. LILL. I did not investigate it, Mr. Senator. It was impossible.

The CHAIRMAN. Why was it impossible?

Mr. LILL. That was prior to the date you fixed, and you understand, sir, that I was not down there to investigate things of that nature.

The CHAIRMAN. I was talking about the way the accounts are kept now, and how could you arrive at it? How could you tell anything about it without investigating?

Mr. LILL. When I speak of the records—you asked me what was certain money spent for. Now, the record of what the money has been spent for is a very different proposition from the record of the amount of cash which was received or spent and the debt. Now, it is very often that you get a complete record of what a man owes or what a company owes with a corresponding lack of information of what that money was used for.

The CHAIRMAN. Undoubtedly; but I am trying to arrive at the condition of the accounts you investigated. You had accounts before you which were presented to you, and upon which you arrived at the judgment which you have expressed in your reports.

Mr. LILL. I used the annual reports of the Treasury—the annual budget from 1870 up.

The CHAIRMAN. Yes.

Mr. LILL. As the basis for a good deal of this work. Now, the record regarding the amount of the indebtedness up to, say, June 30, 1911, is complete. The information which I have given you regarding the Huerta debt does not exist on the Government books. I obtained that wholly from the banks.

The CHAIRMAN. What banks?

Mr. LILL. From the Banco Nacional.

The CHAIRMAN. Who was at the head of that bank? Who was managing the business in Mexico?

Mr. LILL. I can not recall his name now. I know him quite well.

The CHAIRMAN. Did you get it prior to the taking over of the bank by the Carranza government or subsequently?

Mr. LILL. Subsequently.

The CHAIRMAN. Then, you got it from the books which you found there which were taken over by the Carranza officials?

Mr. LILL. No, sir; the bank had been taken over, you might say, in spirit, not physically, because the employees were all down there and the same organization was conducting the bank, although much reduced.

Now, information of that kind it was very difficult to get, because these gentlemen did not know whether the Government desired that information to be known.

The CHAIRMAN. Well, now, this Huerta debt of which you speak, that debt was regularly authorized by the Mexican Government, was it not?

Mr. LILL. That debt, I think, was authorized by the Madero congress.

The CHAIRMAN. At what date?

Mr. LILL. The first Huerta loan was 1913.

The CHAIRMAN. You are speaking of the loan. I am speaking of the authority for the loan. They can not issue bonds down there any more than they can here without some authority. Now, you say that was authorized by the congress. Do you mean the authority was given by the congress for the creation of the debt, or the first loan was obtained under the authority of congress?

Mr. LILL. Authorization was given by congress, as I understand it, for the debt.

The CHAIRMAN. Do you know what date that was?

Mr. LILL. No, sir; I do not know. I have such a large quantity of working papers that I could not bring them all down.

The CHAIRMAN. And that was the debt that was secured by the remaining percentage, approximately 36 per cent, of the import and export debt?

Mr. LILL. Yes, sir; that debt was taken 5 per cent by the Banco Nacional, 45 per cent by the French bankers, 19 per cent by German, 19 per cent by English, and 11 per cent by J. P. Morgan and Kuhn-Loeb.

The CHAIRMAN. What was the date—

Mr. LILL. One minute, sir. That was £6,000,000 when that was taken out. That is the only portion of that loan which was sold for cash.

The CHAIRMAN. Did you trace the bonds at all?

Mr. LILL. Which bonds?

The CHAIRMAN. You say possibly some of this debt which totaled approximately 790,000,000 pesos, might not be a legal debt, and the balance of it might be a legal debt. Now you speak of £6,000,000 of it, which would be approximately \$25,000,000—50,000,000 pesos—that this was the portion of it which was disposed of under this percentage system which you just read.

Mr. LILL. That was £6,000,000 which was sold to the bankers at about 90. It realized about 50,000,000 pesos, but 42,000,000 of that was used to clean up the debt of the Madero administration. That

I think there is no question about. Regarding the disposition of the other bonds—

The CHAIRMAN. Pardon me for a moment. That debt of the Madero administration was secured through a loan based upon those bonds as collateral for the loan prior to the placing of the bonds, was it not?

Mr. LILL. I think not. I think the loan was made in New York and was repaid out of the proceeds of this bond issue. I do not think the bonds were issued at that time.

The CHAIRMAN. All right.

Mr. LILL. Now, regarding the disposition of the balance of those bonds, I have a detailed statement from the manager of the Banco Nacional. You see the Banco Nacional handled the entire bond issue. The bond issue was turned over to them and they issued it upon orders of the government, and the disposition which I just gave to you—or perhaps I have not—I did not have it at that time. Six million pounds was sold abroad; there was £7,000,000 deposited with the national banks in Mexico as collateral for the Huerta loan; there is £1,361,000 that was deposited as a guarantee of the railway interest. I think that is held in New York. And £3,000,000 was given to John W. DeKay, who was the president of the Mexican National Packing Co.

Now, this 7,000,000 of bonds given to the national banks by Huerta—that was when the first attack was made upon the banks—they were required to hold those bonds as part of their cash reserve and to accept these bonds in payment of the loans of bank notes.

The CHAIRMAN. Where are those bonds?

Mr. LILL. The bonds are now held by the national banks of Mexico.

The CHAIRMAN. All right.

Mr. LILL. That is the 7,000,000 pounds which they secured are now held by them, I think, without any diminishment.

Would you like to hear the second loan of 1914 of Mr. Huerta? That was authorized for 20,000,000 pesos, I think; 11,500,000 pesos of that was also deposited in New York for the guarantee of railway interest and 9,000,000 pesos was used to take up the Carbajal bonds.

The CHAIRMAN. Now get back to this \$25,000,000 of claims for damages which you estimated in answer to the question of Senator Brandegee. Do you mean to say you suppose in the estimate of President Carranza of approximately 1,000,000,000 pesos as the debt of Mexico that he may have estimated approximately \$25,000,000 of damage claims?

Mr. LILL. May I correct that, Senator? I have no information whatever as to what Mr. Carranza estimated. I can only say from Mr. Cabrera's telegram that this 1,000,000,000 pesos includes, I think, an estimate for damages. The \$25,000,000 estimate which I gave was merely based upon the past history of Mexico. After every revolution there were claims presented.

The CHAIRMAN. There had not been a revolution in Mexico, though, up until 1910 from 1887, had there? We recognized Diaz in 1878. Diaz's revolution was in 1876. This Government recognized him after he, in accordance with our demands, restored peace and order and quiet along our border, and there has not been a revolution since that time.

Mr. LILL. No, sir; Diaz went out of office in 1880, did he not, and Gonzalez succeeded him?

The CHAIRMAN. Yes.

Mr. LILL. Then he came back in 1884.

The CHAIRMAN. That is correct. However, the entire era from 1877 or 1878, when this Government recognized Diaz, until 1910 is known as the "Diaz era," because, while Gonzalez was president for four years of that time, it was considered as part of the Diaz administration; that is, historians, and foreigners generally, in speaking of it speak of it as the Diaz administration.

Mr. LILL. There was a threat of revolution against Gonzalez at that time, which Diaz did not consent to.

The CHAIRMAN. No; he did not consent to it. That is the reason it is known as the Diaz administration.

Senator BRANDEGEE. What revolutions were there during the time these claims of which you speak originated, if there was no revolution during Diaz's administration for which any claims were handed in? When did these claims for damages originate?

Mr. LILL. Well, Mexico secured its independence in 1822 or 1823, I think. From that time on up to 1877 there was a revolution about once a year or once every two years and there were claims presented constantly during that period and were being settled.

Senator BRANDEGEE. Are those the claims for damages for which you say somebody has made a possible estimate of \$25,000,000?

Mr. LILL. No, sir.

Senator BRANDEGEE. What revolutions——

Mr. LILL. The claims which may be made against the Mexican Government now for damages suffered during this last revolution.

Senator BRANDEGEE. What period of time do you think that covers?

Mr. LILL. That would take up from 1910 to date.

Senator BRANDEGEE. Who is it that has estimated that approximately \$25,000,000?

Mr. LILL. I do.

Senator BRANDEGEE. Oh, it is your estimate?

Mr. LILL. Yes, sir.

Senator BRANDEGEE. Upon what is it based?

Mr. LILL. As I say, Senator, it is based on the previous history of the country. Every time there is a revolution they have to get together and settle the claims, and I think \$25,000,000 is more—twice, in fact, over any previous amount ever presented.

Senator BRANDEGEE. Well, is it based at all upon damages or of what the damages consisted, or what the parties who sustained the damages are going to claim or prove?

Mr. LILL. It is to a certain extent. In discussing damages the Mexican Government is only liable for damages which—according to international law, damages suffered by residents of States from these bandit chiefs like Villa, Pelaez, Zapata, and Diaz, I do not think can come in as damages. I believe our own Supreme Court has ruled that where a business man goes into a foreign country to do business he does so in the expectation of larger returns on his capital. He takes the risk in going there of loss as well as the chance of larger gain. So that I do not think under international law Mexico is liable for damages caused by these various bandit chiefs. She is liable for damages on account of anything which has happened or has been

caused by the present Mexican Government, and I will say the Diaz government—I mean the Madero government, and probably also the Huerta government, although Huerta was not recognized by the United States and there is a shadow of a claim there for eliminating damages caused by Huerta.

Now, when you eliminate those features of it the claims against the present Carranza Government will not be as large as people think they are. And I have discussed that with a great many business men down there, notably Conway, I think it is, who represents the bondholders of the Mexican National Railways. That is the company in Mexico which owns the power, the street railways—a very large concern having a capital of \$60,000,000. I discussed that matter with him several times and he said he was disposed to take his losses if he could begin business and forget them. And that seems to be the sentiment of every other man in Mexico.

The CHAIRMAN. Who is that who wanted to take his losses and begin business again? Pardon me. I was diverted.

Mr. LILL. Mr. Conway.

The CHAIRMAN. Representing whom?

Mr. LILL. The Mexican Railways.

The CHAIRMAN. The Mexican Railways?

Mr. LILL. Yes.

The CHAIRMAN. Well, who are the Mexican Railways?

Mr. LILL. That is that Canadian corporation. I think Miss Laut, who testified, said that it was a Pearson concern. That is the first I had heard of that. But they own the street railways of Mexico, the light and power companies and street railways in various other parts of the country. I think they are capitalized at about \$60,000,000.

Senator BRANDEGEE. Did you attempt to make any list or inventory of claims, or to ascertain who were liable to file claims as a basis for this estimate?

Mr. LILL. No, sir; it is impossible to make any compilation of that kind.

Senator BRANDEGEE. Then what value do you think attaches to your estimate made upon that basis?

Mr. LILL. Well, I do not know that it is particularly up to me to define my value. I am giving you the best information I have and it is up to you to place your own value upon it.

Senator BRANDEGEE. Of course, it is up to me to attach what credibility I have a mind to to your testimony.

Mr. LILL. Yes, sir.

Senator BRANDEGEE. But you are saying the debt of Mexico as you estimate it is so much, and in order to know whether to consider that an accurate estimate I want the basis. One item of \$25,000,000 you say is your estimate of claims that will be handed in. When I ask you upon what your estimate is based, you say it is based on your theory of international law, that all the damages done by the various bandit chiefs over a period of years are not legitimate claims against the Government of Mexico, and that other claimants you think will waive and not press their claims.

Mr. LILL. The basis for my judgment, however, as I stated, was the study of the claims presented against the Mexican Government since 1823.

Senator BRANDEGEE. Do you think that is a reliable estimate? I mean to say that your estimate of claims that will be presented against the Mexican Government by other governments and their nationals will be adjudicated in the same way that the past claims were or that they can be estimated by an analogy to the amounts of the past claims?

Mr. LILL. Well, I should say, Senator, that if you made a study of revolutions and the effect of revolutions, that after having seen a number of these settlements for claims you could make a pretty fair estimate of what was going to happen.

Senator BRANDEGEE. Well, you could make an estimate that you might think was fair, but do you think it would be a reliable estimate for anybody to base a financial operation on?

Mr. LILL. Oh, no; no, indeed, sir. I was speaking wholly of an estimate, and I would like to make that very clear. In dealing with the debt I am dealing with actual facts, but not in that matter; that is an estimate.

Senator BRANDEGEE. Your estimate is a fact. A guess may be a fact, although it is a guess. But what I want to know is the reliability of it.

Mr. LILL. Before any financial aid was extended to Mexico the first step toward that aid would be to determine what the amount of those claims were held by the various countries of the world. That is a preliminary step before any financial reorganization of Mexico can be attempted.

Senator BRANDEGEE. The reason I asked these questions at this point is because this committee is directed to ascertain the amount of damages, and that amount is supposed to be the amount in money that is going to be claimed. Have you taken any pains to ascertain what the claims of the nationals of the United States are liable to be against Mexico?

Mr. LILL. No, sir.

Senator BRANDEGEE. You did not consider that an element worthy to be taken into consideration in making your estimates?

Mr. LILL. You understand I was working about 14 hours a day for over a year, doing constructive work in Mexico. I was not particularly interested in that phase of the matter, because I know that Ambassador Fletcher has all that information.

Senator BRANDEGEE. Do you know whether he coincides with your estimate of the amount of American claims?

Mr. LILL. I have no knowledge, sir.

Senator BRANDEGEE. Then you, yourself, do not claim any importance should be attached to that estimate of \$25,000,000 of claims?

Mr. LILL. As a basis for—

Senator BRANDEGEE. As a basis for anything, except as a basis for a guess?

Mr. LILL. Except what I think the amount would come to. But I was somewhat interested in these negotiations with the bankers. I started them with Carranza. And certainly as a preliminary to any financial operation or action, the total amount of these claims should be known.

Senator BRANDEGEE. I should think they should be. I should think it would be quite important.

**Mr. LILL.** But our conversation developed upon what this excess of 130,000,000 estimated by Mr. Carranza might be, and I was giving you my thought on the matter.

**Senator BRANDEGEE.** I know. One element of it was the estimate of claims.

**Mr. LILL.** Yes.

**Senator BRANDEGEE.** Have you ever heard of any company in this country making any estimate of claim it was intending to present against the Mexican Government for damages sustained?

**Mr. LILL.** No, sir. I do not recall of any. I know quite a number of the largest mining men there, and I do not know—I never have heard—that they were going to bring any claims.

**Senator BRANDEGEE.** Did you ever ask any of them if they intended to?

**Mr. LILL.** Yes; I asked two or three; but they did not know, themselves. They did not think it worth while to present a claim until they knew what the future held in store.

**Senator BRANDEGEE.** Well, probably waiting to see if there was going to be anybody to present a claim to. But did any of them tell you that they did not intend to present any claims?

**Mr. LILL.** No.

**Senator BRANDEGEE.** If I should tell you I have information that a certain American company has a claim for \$50,000,000 against the Mexican Government, and say that they can prove it, would that alter your estimate at all?

**Mr. LILL.** Why, it would alter it considerably. But a claim is not by any means what the Mexican Government has got to pay, you know. In the last international arbitration of which we had charge, I think the claims amounted to 90 per cent over what were finally substantiated.

**Senator BRANDEGEE.** I am saying, if an American company claims they can prove damages of \$50,000,000. I am not saying whether they will get 10 cents on the dollar.

**Mr. LILL.** I do not think there is any company in Mexico can substantiate a claim of \$50,000,000.

**Senator BRANDEGEE.** That is not what I asked you. I asked you if you knew of any American company—I am not interested in the Mexican claims against their own government; it is the claims of American corporations and business men for damages sustained by Americans that I am interested in.

**Mr. LILL.** I included that in my answer. That is, I do not believe there is any Mexican company that can substantiate a claim for \$50,000,000.

**Senator BRANDEGEE.** Is that belief based upon any evidence?

**Mr. LILL.** No, sir.

**Senator BRANDEGEE.** Have you taken any pains to ascertain what notices have been filed with our State Department as to claims down there by American business concerns?

**Mr. LILL.** That matter is not a matter which I would go into, Senator. It seems to me it is a matter for the State Department.

**Senator BRANDEGEE.** You might say yes or no, whether or not you had taken any pains to ascertain what claims had been filed with the State Department.

Mr. LILL. If you ask me whether I have taken any pains to investigate it would infer I was derelict in my work if I did not.

Senator BRANDEGEE. I did not infer anything.

Mr. LILL. Well, the record would infer it.

Senator BRANDEGEE. I asked you if you had taken any pains to ascertain from the State Department what claims had been presented by American business concerns.

Mr. LILL. No, sir.

Senator BRANDEGEE. What was the amount you referred to as the Huerta debt?

Mr. LILL. Shall I proceed?

Senator BRANDEGEE. Yes; I was waiting for you.

Mr. LILL. The Huerta debt consists of 6 per cent treasury bonds of 1913 amounting to 166,000,000 pesos, and the 6 per cent treasury bonds of 1914 amounting to 21,000,000 pesos against which there are 60,000,000 pesos accrued interest.

Senator BRANDEGEE. Well, during what period of time was that debt incurred?

Mr. LILL. The large debt was incurred in 1913; the next one was incurred in 1914.

Senator BRANDEGEE. The Huerta debt you mean was strictly limited to the time when Huerta was in power?

Mr. LILL. Yes, sir.

The CHAIRMAN. Pardon me just a moment.

Senator BRANDEGEE. Certainly.

The CHAIRMAN. The Huerta debt of which he speaks, this first debt, was authorized during the Madero administration. Madero borrowed money in New York. He has testified that 42,000,000 pesos was repaid out of the final sale which was made by Huerta, of these Huerta bonds to cover the Madero debt in New York, so it is generally known as the Madero-Huerta debt.

Senator BRANDEGEE. Do you agree with that explanation?

Mr. LILL. I do not think I can, because the debt is known all through Mexico and is termed by everybody the "Huerta debt," the "debt of the usurper."

The CHAIRMAN. Very well. Do you agree with the statement I have made that you have testified that these bonds were issued by the Madero Congress?

Mr. LILL. The 6 per cent bonds of 1913 were authorized by the Madero Congress.

The CHAIRMAN. And that 6,000,000 pounds were offered and sold?

Mr. LILL. Yes, sir.

The CHAIRMAN. By Morgan here and by French and other bankers?

Mr. LILL. Yes, sir.

The CHAIRMAN. And that of the proceeds of this sale a portion approximating 42,000,000 pesos was applied on the payment of the Madero debt.

Mr. LILL. Yes, sir; that is correct.

The CHAIRMAN. That is the statement I made.

Mr. LILL. But hitching it up as Madero-Huerta debt, the point that I am seeking to make here is that that part of the debt I think is legitimate, but as to the 100,000,000 pesos which was issued by Huerta afterwards, a large part of that was tinged with fraud and



the Mexican Government does not repudiate that in any way, but it wants to make an investigation to determine what part of it it should pay, and I certainly would be in favor of that investigation.

Senator BRANDEGEE. Is there not a question about other portions of the Mexican debt being tinged with fraud?

Mr. LILL. Not in that sense, sir.

Senator BRANDEGEE. What sense do you mean?

Mr. LILL. Well, fraud may have occurred in the issues of debt prior to 1910, but it has nothing to do with what Mexico has to pay at the present time. Since 1910 I do not know of any fraud except in connection with those two loans.

Senator BRANDEGEE. All these questions as to the validity of the bond issues to secure debts and whether they were issued fraudulently or whether they are binding upon the Government are not questions so much of expert accounting, are they, as they are questions of law?

Mr. LILL. Yes, sir.

Senator BRANDEGEE. Questions of law?

Mr. LILL. Yes, sir.

Senator BRANDEGEE. And have you taken reliable legal advice to base your opinion as to whether there was fraud in connection with any of these issues or not?

Mr. LILL. I have not charged fraud, Senator. I simply say from my investigation it appears that there was fraud, and my recommendation is that there should be an investigation to determine it before a decision.

Senator BRANDEGEE. You say you do not charge fraud but you say a large portion of it is tinged with fraud and you suspect fraud, but you do not consider you have the evidence to prove it or that it is your duty to prove it, is that right?

Mr. LILL. Yes, sir.

Senator BRANDEGEE. Why are these different portions of debt estimated sometimes in pesos, sometimes in dollars, and sometimes in pounds?

Mr. LILL. Well, the French debt is stated that way. The earlier debt was—

Senator BRANDEGEE. Is it carried that way on the Mexican books?

Mr. LILL. Yes, sir.

Senator BRANDEGEE. So that this 6,000,000 pounds would be 60,000,000 pesos in round numbers, would it not?

Mr. LILL. In round numbers.

Senator BRANDEGEE. How large a force of—

Mr. LILL. That illustrates the difficulty we had in the debt, the different ratios at which this all had to be computed.

Senator BRANDEGEE. As shown by the blue print to which you have just pointed?

Mr. LILL. Yes, sir.

Senator BRANDEGEE. How large a force of assistants, expert accountants, and examiners did you have with you in Mexico?

Mr. LILL. I had—

Senator BRANDEGEE. I do not mean to be exact.

Mr. LILL. Well, Prof. Kemmerer, of Princeton, on currency; Prof. Chandler, of Columbia, on finance; Prof. Young, of Princeton, on taxation; Mr. Monroe on purchasing; Mr. Oakley on accounting;

Mr. Gleason on munitions. I had those 6 Americans and about 44 Mexican engineers and accountants.

Senator BRANDEGEE. Did you have any American accountants and bookkeepers and examiners?

Mr. LILL. No, sir.

Senator BRANDEGEE. You have spoken about relying to a certain extent on the annual reports of the Mexican officials or the Government. Did your corps of examiners and bookkeepers and accountants look at the original sources of the information?

Mr. LILL. No, sir.

Senator BRANDEGEE. Or the books in the departments of the Government?

Mr. LILL. No, sir.

Senator BRANDEGEE. Or did you largely rely on the annual reports?

Mr. LILL. I took the annual reports for what I term the historical part of this report on the debt. I sent my men right down to the treasury books, the record of bonds and coupons, to get the information regarding the debt.

Senator BRANDEGEE. If there was a large sum of money, I believe Senator Fall said \$700,000, or something like that, as having been paid to the Madero family, do you know whether that was shown on the original Government books as having been paid to that family?

Mr. LILL. Why, I presume it would appear in some way. Whether it would appear as extraordinary expenses or——

Senator BRANDEGEE. I do not mean to ask whether the books would indicate the purpose for which it was paid, but do you know whether it is a fact the Government's account of expenditures indicates that that or any other sum was paid to the Madero family?

Mr. LILL. I do not, sir.

Senator BRANDEGEE. Do you know whether any of your accountants know?

Mr. LILL. I do not, sir.

Senator BRANDEGEE. You personally did not examine any of the Government books, did you?

Mr. LILL. I examined a great many original Government records, Mr. Senator, but not for the purpose of tracing these matters.

Senator BRANDEGEE. Simply for the purpose of correcting errors in their methods and financial system?

Mr. LILL. Well, the principal purpose of our going down there was to reorganize the currency and help put Mexico on her feet. The big problem of Mexico was the fact they were spending a great deal more money than they had coming in. We instituted this budget and, as I explained the other day, we cut the expenditures from 16,500,000 a month to 10,500,000 a month.

The big thing in Mexico was to try to get them to live within their income. The things which we had to do to make that effective were the organization of the controller general under the president, similar to that recommended by Senator McCormick for the United States, and the cleaning up and systematizing of customs and sub-treasuries—the internal revenue offices and subtreasuries.

That is a very big job. That was our main job there, to make Mexico live in the future and not to dig into the past.

Senator BRANDEGEE. I understood that; that is what I supposed, because you were employed, you and your corps of experts, by the Mexican Government.

Mr. LILL. Yes, sir.

Senator BRANDEGEE. To inspect, and to suggest forms for their financial affairs with a view to trying to make receipts equal expenditures, I assume.

You were not then engaged in taking up any frauds that had been perpetuated upon the Government, or tracing where those funds went, legitimately, were you?

Mr. LILL. Prior to June 1, 1917; no, sir. After that time I had a pretty good analysis of the cash.

Senator BRANDEGEE. Were your instructions from the Mexican Government to try to unearth any frauds that might have been perpetuated?

Mr. LILL. No, sir.

Senator BRANDEGEE. Did you make any report upon that?

Mr. LILL. No, sir.

Senator BRANDEGEE. Have you any figures upon that?

Mr. LILL. Upon fraud?

Senator BRANDEGEE. Yes.

Mr. LILL. No, sir.

Senator BRANDEGEE. You say that some of the Huerta money that was tendered was fraudulent?

Mr. LILL. Yes, sir.

Senator BRANDEGEE. How much?

Mr. LILL. That 3,000,000 pounds issued to John W. DeKay.

Senator BRANDEGEE. Did you report that fact to the Mexican Government?

Mr. LILL. No, sir.

Senator BRANDEGEE. No suspicions about it?

Mr. LILL. I did not embody it in any report.

Senator BRANDEGEE. In any annual report?

Mr. LILL. Except this one which I read, to be published within a very short time—

Senator BRANDEGEE. Did you discuss it with any Mexican Government official?

Mr. LILL. I have discussed it—

Senator BRANDEGEE. With whom?

Mr. LILL. Mr. Cabrera, Mr. Rodriguez, and Alberto Pani.

Senator BRANDEGEE. What is that book [indicating]? I do not care to see it; I wanted it to go into the record.

Mr. LILL. It is "The History and Present State of the Public Debt of Mexico," by Thomas R. Lill. This is my original report.

Senator BRANDEGEE. To the Mexican Government?

Mr. LILL. No, sir; this is the report which we are issuing.

Senator BRANDEGEE. Issuing to whom?

Mr. LILL. To the public, for the information of banks and bankers.

Senator BRANDEGEE. To the public in this country or in Mexico?

Mr. LILL. To the public in this country and in Mexico.

Senator BRANDEGEE. In issuing it to the bankers of the United States, who employs you?

Mr. LILL. I was employed by the Mexican Government up to May or June, 1918. From October to the end of December, 1918,

I was engaged by the American Metal Co. to go down and do some professional work for them, and it was in connection with that work that I started this report.

The CHAIRMAN. In connection with which work?

Mr. LILL. In connection with my work for the American Metal Co. I then spent two or three months longer, the early part of this year, on this work, and that work is charged against the Mexican Government direct.

Senator BRANDEGEE. Are you in anybody's employ with reference to these financial matters?

Mr. LILL. No, sir. I am now consulting accountant for the United States Government, and my only connection with Mexican matters is that I originated the financial discussion, proposed the plan of reorganization with Mr. Carranza, and that was followed by Mr. Nieto coming up to see Mr. Morgan. Nieto was the secretary of finance. To that extent I am interested, but I am not in the Mexican pay or anybody else's pay, except as it happens in the United States Government at the present time. I have no interest whatever in this testimony, except as an American citizen. It was never intimated to me in any way that I should testify, never even suggested to me. I do not believe it was even thought of by any Mexican.

Senator BRANDEGEE. You appeared here at your own request, did you or were you summoned?

Mr. LILL. I wrote a letter; yes, sir.

The CHAIRMAN. Let us straighten that out now. Dr. Inman testified in answer to a question by the chairman that he had heard of one man who had requested to appear before this committee and who had not been accorded the privilege, and he mentioned your name as that of the gentleman who had requested to appear before the committee and who had not heard from the committee or been accorded the privilege of being heard. Dr. Inman was mistaken in that, was he not?

Mr. LILL. Yes, sir. I wrote a letter to the subcommittee of the House which was investigating Mexican affairs requesting permission to appear, but was not heard. That had no reference to this committee.

The CHAIRMAN. As soon as Dr. Inman's testimony was given to this committee you were notified that the committee would hear you at any time you desired, and you came over and consulted with me and then wrote a letter to this committee requesting that you might give this testimony?

Mr. LILL. Yes, sir. You were getting such a lot of misinformation, Senator, that I did not think it would do any harm to give you a little real information.

Senator BRANDEGEE. I have here a letter dated September 15, 1919, signed by Thomas R. Lill, on the stationery of Searle & Nicholson, certified public accountants, 52 Broadway, New York. It is addressed "Chairman, Subcommittee on Mexican Affairs, Committee on Foreign Relations, Senate Office Building, Washington, D. C." The concluding paragraph says:

If you desire me to testify, I request that you give me sufficient notice so that I may procure my papers from New York.

(The letter referred to was marked "Lill Exhibit No. 1," and is as follows:)

SEARLE & NICHOLSON,  
New York, September 15, 1919.

CHAIRMAN SUBCOMMITTEE ON MEXICAN AFFAIRS,  
COMMITTEE ON FOREIGN RELATIONS,  
Senate Office Building, Washington, D. C.

DEAR SIR: I have the honor to request that I be permitted to appear before your committee for the purpose of testifying to the progress made by the Carranza Government in establishing law and order since it assumed office in May, 1917.

My information was gained while acting as chief accountant and acting director of President Carranza's financial and administrative reorganization commission from May 1917, to June 1918, and during a visit to Mexico covering the period from October, 1918, to January, 1919, for the purpose of discussing certain matters with the Mexican Government.

The commission consisted of the following Mexican members:

Luis Cabrera, chairman.

Alberto Pani, secretary of commerce, labor, and industry.

Manuel Rodriguez y Gutierrez, secretary of communications and public works.

Rafael Nieto, acting secretary of the treasury.

The commission employed about 40 specialists, engineers, accountants, and clerks, and, in addition to reorganizing the business methods of the Government to bring them up to date, made studies of banks and banking, currency, taxation, railroads, commerce, petroleum, etc.

If you desire me to testify, I request that you give me sufficient notice so that I may procure my papers from New York.

Very truly yours,

(Signed)

THOMAS R. LILL.

Address: Raleigh Hotel, Washington, D. C.

The CHAIRMAN. That is a letter that you wrote after you had seen me and told me that Dr. Inman was mistaken; that you had not written to this committee but had written to the House committee?

Mr. LILL. Yes, sir.

The CHAIRMAN. In this letter, in the first paragraph, you say:

I have the honor to request that I be permitted to appear before your committee for the purpose of testifying to the progress made by the Carranza government in establishing law and order since it assumed office in May, 1917.

Mr. LILL. Yes sir. I want to add there, to be clearly understood, that I did not appear at the request of the Government, nor by suggestion or in any way was it intended or asked of me that I should appear here for the Mexican Government. I do it merely as an American citizen, because I think that if we understood Mexican matters better we would get along better.

Does that finish your questions, Senator, I would like to—

The CHAIRMAN. Before you leave—

Senator BRANDEGEE. You would like to what?

Mr. LILL. Make a general statement regarding the Mexican problem, if I may.

Senator BRANDEGEE. I have finished.

The CHAIRMAN. Before you get away from this question of the damages: You say you talked with lawyers about the responsibility of the Mexican Government for payments of damages. Do you know whether the Mexican Government, Mr. Carranza, has by decree or promise made to foreign countries, obligated himself in any way with reference to Mexican damages?

Mr. LILL. No, sir.

The CHAIRMAN. Naturally, if you are trying to form a guess or make a guess of the amount of damages that might be claimed by nationals of other countries, it seems to me that you would have investigated as to whether any promises had been made by Carranza.

Mr. LILL. I can only say, Senator, that I had such a tremendous amount of work that I could not go into these details, which would lead me into the office of the secretary of state of the Mexican Government with which I did not have much business.

The CHAIRMAN. I want to call your attention, then, for your information, because it may be of interest to you, to the fact that from the city of Monclova, headquarters of the first chief of the Constitutionalist forces on the 10th day of May, 1913, prior to Mr. Carranza's recognition by this Government, either de facto or de jure recognition, that Mr. Carranza did make to this Government and to other governments a pledge as to the payment of damages. Did you not have your attention called to that?

Mr. LILL. I had not, but it was never any other idea of mine but what the Mexican Government would settle all legitimate damages presented.

The CHAIRMAN. You have spoken of damages under international law; and some international lawyers do not agree with you as to the responsibility of the Mexican Government for the damages being limited to the cases to which you have referred.

Mr. LILL. You are a lawyer and I am not.

The CHAIRMAN. Aside from that, the Carranza Government has issued at least four different decrees with reference to its responsibility for damages and how claims should be presented, etc., and it looks as though your attention would have been called by some Mexican to these promises or obligations with reference to the amount of damages and the character of damages which the Government proposes to liquidate.

Mr. LILL. The character of the damages had not been settled. The claims commission was not organized until the latter part of 1918.

The CHAIRMAN. Right here, now, for your information, I propose to read into the record a portion, at least, of this decree of 1913:

Venustiano Carranza, first chief of the constitutionalist forces, and so forth:

ARTICLE 1. The right of all nationals and foreigners to claim payment for damages suffered during the revolution of 1910 or during the period embraced between the 21st of November, 1910, and May 31, 1911, is hereby recognized.

ART. 2. An equal right is also recognized on the part of nationals and foreigners to claim for damages which they suffered during the present struggle, or from and after the 19th day of February of the present year until the restoration of the constitutional order.

ART. 3. The same right on the part of foreigners to claim payment for damages suffered by revolutionary forces or groups during the period embraced between the 31st of May, 1911, and the 18th day of February of the current year, is recognized.

That last clause limits the right of claim to foreigners and not to nationals; but there is an absolute pledge of responsibility for claims for damages without any restrictions at all in this decree, which was in force at the time this Government recognized Carranza and requested the other governments of the world to allow this Government to handle Mexican matters.

Mr. LILL. I had that decree. I had forgotten it. Does that first paragraph read that they acknowledge—

The CHAIRMAN (reading):

The right of all nationals and foreigners to claim payment for damages suffered during the revolution of 1910 or during the period embraced between the 21st of November, 1910, and May 31, 1911, is hereby recognized.

Mr. LILL. Yes, sir; but how does the right to make a claim obligate anybody to—

The CHAIRMAN. I will show you in a moment. [Continuing reading:]

An equal right is also recognized on the part of nationals and foreigners to claim for damages which they suffered during the present struggle, or from and after the 19th day of February, of the present year—

That is, 1913—

until the restoration of the constitutional order.

Whatever that may be.

On the 24th of December, 1917, in the creation of a commission, there was an undertaking to limit the responsibility for damages. And that is the matter to which you have reference, the first being damages caused by the revolutionary forces recognized by the Government established after the triumph of the revolution; second, damages caused by the government forces in the campaign against the rebels, and, third, damages caused by forces of the so-called federal army until its dissolution.

There is a vast deal of difference between the two pledges or promises. Carranza was recognized on one of them after we had secured the acquiescence of the foreign countries in our action in Mexico, and after his recognition he then issued his decree upon which you are basing international law.

Mr. LILL. No; I do not base it upon that, Senator. I base it by a very close study of international law, I can say, for about four years, in my services to the United States Government, where I had a good deal to do with construction of law; and to be perfectly frank with you, I got most of my data regarding international relationships from conversations with Ambassador Fletcher. I do not say it is correct. In this report that I have here I have a section—

The CHAIRMAN. I may say to you now, before we go past that proposition, that I think that Ambassador Fletcher never had his attention called to the Carranza decree of 1913 until very recently.

Mr. LILL. With all due respect, Senator—you are a lawyer, I understand, are you not?

The CHAIRMAN. Yes.

Mr. LILL. How does the right, as acknowledged, of foreigners to present claims obligate the Mexican Government to pay claims? I do not understand that.

The CHAIRMAN. Because the Mexican Government pledged it, sir.

Mr. LILL. Pledged itself to pay those claims?

The CHAIRMAN. As to how they would be presented and adjudicated. [Reading from article 4:]

As soon as the first chief of the Constitutionalist forces shall arrive at the Capital of the Republic, and in accordance with the plan of Guadalupe, assumes the executive power, he will name a commission of Mexican citizens who shall be

charged with the receipt, examination and liquidation of the claim for damages suffered during the periods fixed in articles 1 and 2 of this decree.

ART. 5. At the same time that the said commission is named, as provided in the preceding article, the first Chief of the Constitutionalist forces, in accord with the diplomatic representative of, or commissioner especially designated by, the Governments of foreigners who have suffered damage, will proceed to name a mixed commission composed of an equal number of Mexicans and foreigners, the latter of the same nationality as to the claimants, in order that they may receive, examine and liquidate the claims presented in accordance with the provisions of the three first articles of this decree.

ART. 6. The form, time, terms, and conditions under which the claims for damages are presented are to be paid, also the organization, functions, and other necessary regulations of organization and form, shall be fixed by opportune legislation.

Now, the Government is undertaking to do away with this—

MR. LILL. I do not think so.

THE CHAIRMAN. I know so.

MR. LILL. Let me ask you with reference to that first decree. That statement is pretty broad that they make there. Would you ask the Mexican Government or any other Government to pay claims arising in Mexico for which it was not responsible?

THE CHAIRMAN. For which who were not responsible?

MR. LILL. The Mexican Government.

THE CHAIRMAN. What Mexican Government?

MR. LILL. The Madero, Huerta, or Carranza Governments.

THE CHAIRMAN. Yes. I would ask, when Mr. Carranza was seeking recognition of this Government, seeking aid and assistance in the overthrow of Huerta, making a pledge as to what he would do in the event he was successful, and having secured, too, the assistance of this Government under a certain pledge—I would simply ask him to keep his pledge.

MR. LILL. I would not go so far as to hold that Mr. Carranza or the present Carranza Government under that pledge should pay all the claims for damages occurring by reason of Villa's activities.

THE CHAIRMAN. I am not expressing any opinion. I suppose I ought to say now that Mr. Villa had as much as anyone to do with putting Mr. Carranza in the position in which he now is.

MR. LILL. I acknowledge that he played a large part in it.

THE CHAIRMAN. But so long as he was willing to serve with Mr. Carranza—I do not care to be drawn into the history of this thing—but so long as he stayed with Mr. Carranza, which he did up to the time that Obregon, in command of the army of the north and Villa in command of the army of the northwest, wrote a joint letter to Mr. Carranza demanding of him to carry out the pledge in the plan of Guadalupe—up to that time Mr. Villa was certainly more instrumental in placing Mr. Carranza in the position in which he now is, than anyone else. We will not discuss the question, pro or con, as to why Mr. Villa quit Mr. Carranza; but Mr. Villa claims that he quit him because Mr. Carranza did not follow the pledge which he made in this very decree which I have just read to you, as to what he would do following the plan of Guadalupe. And that is a matter that I do not care to go into at this time. I will go into it later.

So far as the damages are concerned, that is a matter for consideration hereafter, and I am not expressing my opinion at this time. I have a very firm opinion as to what damages Mexico will



be compelled to pay by the unanimous verdict of the world, but that I do not care to express at this time.

What we were asking you was, as to the basis you had for making your guess that the claims would approximate something like \$25,000,000, and that is what caused this discussion. I do not care to go into it any further at this time.

Mr. LILL. May I add, Senator, that in all my discussions with the ministers of Mr. Carranza and with President Carranza himself, I have never received any other intimation but what Mexico would pay all legitimate damages arising in that country.

The CHAIRMAN. As I say, I do not care to go into any controversy or into any discussion of the Calvo doctrine, if you know what it is. I do not think that it will prevail in the matter of the settlement of Mexican claims. It has never been acknowledged by this country yet.

Mr. LILL. The Calvo doctrine?

The CHAIRMAN. Yes, sir. It was absolutely rejected at the Hague tribunal.

Mr. LILL. If you have no further questions, may I add this?

The CHAIRMAN. Go ahead. I will have some further questions after you get through.

Mr. LILL. It seems to me, Senator, that one thing, certainly, ought to come out of this investigation, or should be made apparent, anyway, and that is that it would be to the best interests of the United States to get back of Mexico in a friendly spirit for the purpose of aiding it in its reconstruction plans. At the present time or for the past two or three years, all this constant agitation for intervention is antagonizing the Mexican people against the American people, to our disadvantage. The German, English, and French are not playing that game at all. The biggest prize in the world to-day probably in Mexico, but the question as to who is to assist it in its economic reconstruction is a big one. Who is going to step in with assistance at the right time? Are we going to allow England, Germany, France, or possibly Norway, to do this work which we ought to do or which we should do for our own advantage?

I think that any financing of the Mexican debts will depend a great deal upon the attitude of the United States Government in making a statement of policy to the American bankers as to how far they will go in protecting investments in Mexico or abroad.

We are speaking of a debt and of claims and of things of that nature, constantly, you might say, hounding Mexico to get busy and pay up, when it is a physical impossibility to pay up at this time—

The CHAIRMAN. Just right there: What basis have you for that statement? Who is hounding Mexico to get busy and pay up?

Mr. LILL. Is not this constant intervention talk an effort along those lines?

The CHAIRMAN. I am asking you, and I am not answering.

Mr. LILL. I can not give any further facts than that.

The CHAIRMAN. Has the Government of the United States demanded that Mexico get busy and pay up?

Mr. LILL. Not that I know of.

The CHAIRMAN. Has the French Government or the English Government or the German Government?

Mr. LILL. Not that I know of.

The CHAIRMAN. Well, then, who has?

Mr. LILL. I do not know whether anyone has except the bondholders.

The CHAIRMAN. Do you know that the bondholders have?

Mr. LILL. I presume they have negotiated a number of times or taken the matter up with the Government——

The CHAIRMAN. With what government?

Mr. LILL. The Mexican Government. I am quite sure the matter has been taken up with the state departments of all foreign governments.

The CHAIRMAN. I have asked you whether or not——

Mr. LILL. I do not know, Senator; I am not in the Government.

The CHAIRMAN. You spoke of the constant hounding of Mexico to pay up. That is all right as a general statement, Mr. Lill, but what is the foundation for it? Suppose that the foreign bondholders have made representations to this Government and to Mexico. If this Government has not made the representations itself to Mexico in demanding payment for the bondholders or otherwise, who is hounding Mexico for payment?

Mr. LILL. It seemed to me that this term properly describes the constant agitation in the United States for intervention. I have read it in the newspapers. That agitation is based upon or points to a number of things. You have just referred to one company having a claim of \$50,000,000 in Mexico.

The CHAIRMAN. Senator Brandegee asked you if you had had any intimation that one American company had any such claim.

Mr. LILL. It seems as I read the papers that continual pressure exists through this intervention talk. The point I wish to make is that if we could cease this and get behind Mexico in a friendly spirit probably all the things that we would like to see accomplished down there would be accomplished.

The CHAIRMAN. That is, if we just stopped the newspaper talk about Mexico you think it would be better?

Mr. LILL. The newspaper talk—I do not ask that it be stopped by presidential decree, but if we undertake to help Mexico in its reconstruction policies in a friendly spirit, the newspapers would probably reflect the same spirit. If intervention is decided on I do not believe we could bring peace out of Mexico or restore order very much faster than Mr. Carranza is doing now.

The CHAIRMAN. Oh, well, that may be true. You have said that Germany, Great Britain, and France have not been antagonizing Mexico or have not been insisting upon Mexico doing anything to restore order, etc., and that they have got an advantage of us down there, that they are not antagonizing Mexico, etc. Do you know any reason why they have not been insistent upon the restoration of order in Mexico?

Mr. LILL. I imagine it is because of the attitude of the United States Government on that matter.

The CHAIRMAN. In what respect?

Mr. LILL. I imagine that it is due to an arrangement or an agreement between these countries that the United States will look after the interests of these foreign countries if they do not go into Mexico.

The CHAIRMAN. And if the United States were pressing Mexico for a settlement or for the restoration of order and peace, it would

be not only representing its own citizens and their desires, but, under your understanding which you have just expressed, it would also be representing the natives of other countries and citizens and the countries themselves, would it not?

Mr. LILL. I would say that it was a very clever method that aroused all the antagonism of the Mexicans against us and they reap the benefit.

The CHAIRMAN. You think that is the case, do you not?

Mr. LILL. I only imagine it, Senator. I have no information on the subject.

The CHAIRMAN. Possibly I may be able to assist you a little there.

The President, in his message to Congress on August 27, 1913, says, among other things:

We are expected by the powers of the world to act as Mexico's nearest friend.

I am happy to say that several of the great governments of the world have given this Government their generous moral support in urging upon the provisional authorities at the City of Mexico the acceptance of our proffered good offices in the spirit in which they were made.

All the world expects us in such circumstances to act as Mexico's nearest friend and intimate adviser.

This consent of mankind to what we are attempting, this attitude of the great nations of the world toward what we may attempt in dealing with this distressed people at our doors, should make us feel the more solemnly bound to go to the utmost length of patience and forbearance in this painful and anxious business.

On October 29, a telegram was sent out from this city, the same year, 1913, specially to the New York Times, emanating, as was claimed, from the Department of State, as follows:

A new and probably more definite Mexican policy is to be initiated by the United States, and pending the disclosure of this program Great Britain, Germany, and France have given assurances that they will take no action.

That a request had been made to the powers to await a proposal regarding Mexico from this Government and that already these three European nations had acceded to the request, was announced late to-day by Secretary Bryan. It is understood that practically every civilized nation had been notified of the purpose of the United States.

There are various other indications of the same character. If it be true that the other nations have acquiesced in the handling of this matter by the United States, and Mr. Carranza has any power in Mexico by the action of the United States, that is, through recognition, first, as de facto and next, possibly, a de jure recognition, then it is up to the United States to make representations to Mexico with reference to the desires and demands of other nations as well as of our own, is it not?

Mr. LILL. I do not see any objection to that. My only criticism is of the fact that the representations regarding order, if any have been made, or regarding debt—I include that—are not possible of compliance in Mexico at the present time.

The CHAIRMAN. I do not know whether they are or not. You are, however, criticising the actions of the citizens of the United States in antagonizing Mexico while citizens of other countries and the other countries themselves are not doing it. If we are agitating these matters of the settlement of claims and the restoration of law and order down there, we are simply performing a duty which we were obligated to perform by other nations, are we not?

Mr. LILL. What kind of a duty? A duty because some public officer has entered into agreements of that kind, or a duty which we owe to those other nations?

The CHAIRMAN. Possibly I should not have asked you that question. However, we will let the facts as they stand of record, and as you have acquiesced in them, speak for themselves, that it appears that this Government secured the acquiescence of at least three foreign governments, Great Britain, France, and Germany, late in 1913, in the handling of Mexican affairs by the Government of the United States; that following that, in pursuance of its new policy, Huerta was ousted, Carranza was recognized, and that Carranza is now the President of Mexico, and Mexico is not paying her debt, nor is Mexico paying damages to foreigners for injuries, so far as we know. Whose duty is it; what nation's duty is it to press for the payment of those claims?

Mr. LILL. If we have any agreement with these countries to press their claims it certainly is our duty to press them; but I do not understand, in your statement there relating to this agreement regarding the recognition of Huerta, why all these foreign governments recognized Huerta when the United States did not, particularly as they were making a loan of £6,000,000—

The CHAIRMAN. The recognition by those foreign nations of Huerta had come prior to August, 1913, Mr. Lill.

Mr. LILL. I do not know, of course, whether they—

The CHAIRMAN. The message which I have read to you is dated August 27, 1913, and the telegram with reference to Mr. Bryan's statement is of October 29, 1913.

Go ahead with your statement. I stopped you there because of the statement you were making that agitation here was antagonizing the people of Mexico against the United States, and as you said Great Britain, France, and other countries were not doing it. That was the purpose of my questions. You may proceed now.

Mr. LILL. I believe they have made representations. I have seen notices to that effect; but, on the other hand, threatening intervention all the time as a corrective for the evils—

The CHAIRMAN. Is this Government threatening intervention?

Mr. LILL. I do not think so. I think Mr. Wilson has gone to the other extreme.

The CHAIRMAN. Very well, then. This Government is not threatening intervention any more than France or Great Britain or any other country.

Mr. LILL. You, yourself, Senator have made quite a number of speeches in the last six or seven years.

The CHAIRMAN. Now, let me say, once and for all, that neither you nor anyone else can point to a speech that I have ever made in the Senate or on the stump, or any place in the United States, with reference to Mexico or intervention in Mexico, except that I have demanded that if it were necessary to protect American citizens in Mexico by the armed forces of the United States, it was our duty to do so. You better look at the speeches, possibly, that I have made, and see whether I have not confined myself to that.

Mr. LILL. I ran across two or three copies the other day, but I did not read them as closely as I should. I am very glad to hear

that, Senator. I think, as far as that goes, you are echoing the sentiment of a great many others.

The CHAIRMAN. Some of the witnesses appeared to be misinformed as to my attitude in reference to Mexico.

Mr. LILL. Shall I go on, Senator?

The CHAIRMAN. Yes.

Mr. LILL. The point I am trying to make is that here is a great big country to the south of us which has tremendous possibilities along commercial lines, and if our Government can adopt a policy toward investments in foreign countries it would enable our bankers to get behind Mexico; that would be greatly to the advantage of the American business man.

Regarding claims, debts, and things of that kind, let me say that I went out as a soldier in the Spanish-American War. I was for two and three-quarters years actively engaged in a campaign against the Filipinos. I went into the civil government under Gov. Taft and was there for seven years longer. I chased bandits myself, many and many a time, in the Philippines; and it took us about four years with three to four hundred millions of dollars to clean up the bandit situation. We went in there in 1898, and in 1905, when I was district auditor, I remember distinctly having a bandit caught about 100 miles from my main office. There was a thousand pesos offered for his head. They cut off his head and sent it down to the capitol and I was required to pass the voucher upon that bandit's head. I did not know the bandit, but I passed the voucher anyhow. That was in 1906 when we had been there for eight years.

At the time Mr. Carranza started his revolution he only had his fiat currency, and the normal revenues of the country under his jurisdiction. With the beginning of the organized government in May, 1917, and the restoration of order, the revenues began to come in fairly regularly. His revenues for the year ending June 30, 1918, I think it is, or December, amounted to about 130,000,000 pesos, or \$65,000,000. If we had had the same problem in the Philippines we never could have done what we did there.

Mexico needs two or three more years to suppress bandits. She needs an army to do so. She needs every cent she can get to support her army. It is impossible for her to begin paying any of her debts at this time.

You said the other day that Mexico was tremendously rich. Everybody knows it is. It is a favorite statement of the Mexicans down there to refer to the national richness of the country which would pay everything; but that is like having a thousand dollars in a bank in Wall Street in 1907 when you could not get carfare to pay your way down town. It is going to take a very strong effort to get that richness out of the soil in Mexico——

The CHAIRMAN. Who gets it out? Who has ever gotten it out of the soil?

Mr. LILL. To a very large extent, foreigners. Mexico wants foreigners. I have discussed it with members of the cabinet, and Mexico would like very much to increase her population 15,000,000 people in the next 15 years. If she can increase her population to that extent she will have money enough to pay all her current operating expenses and do a great many things which she can not do now.

But the point I want to emphasize is this, Senator: That I was there for years in intimate contact with those men and never did I hear a single expression by anyone which would display an intention of not paying her debts as soon as she possibly could, and paying all damages, in an international court, possibly, under recognized rules of international law assessed against her.

I would like to point out in that connection, Senator, that to a certain extent we are really responsible for that thing down there, through our colleges. The Government is practically a young man's Government, and in every department of the Government I ran against American college graduates. Virginia Carranza, Carranza's daughter, was educated here. Julia Carranza also. Col. Alberto Salinas, in charge of aviation, is an American-college graduate. Gen. Gustavo Salinas is an American-college graduate, as is also Martinez Carranza and Gen. Enriquez, who was after Villa.

The CHAIRMAN. Who?

Mr. LILL. Ignacio Enriquez, who was made governor of Chihuahua.

The CHAIRMAN. How was he made governor of Chihuahua?

Mr. LILL. He was appointed to a vacancy, I understand.

The CHAIRMAN. By whom?

Mr. LILL. Gen. Carranza. He had some trouble with Murguia—I do not understand how it came out—but Enriquez had the right idea. He wanted to know if I could not help him get five or six American bloodhounds to trace Villa.

The CHAIRMAN. You think that was the right idea?

Mr. LILL. There are 2,000 hacendados that grew up with Enriquez. Enriquez is a tall six-footer, full-blooded Mexican. He speaks English perfectly. Just the moment he got to Chihuahua, there would be 2,000 that would drop their shovels and follow him in order to get Villa.

The CHAIRMAN. Why did he not do it?

Mr. LILL. He got into a row with Murguia and came back, and I do not know whether he is up there now or not. Probably you have later information.

Cardenas brothers, in the department of state, are college graduates. Bonillos is a Boston Tech man. Galleio, school of ethnology. Columbia. Echererria, who is an engineer, is now in the United States. Osuna, the governor of Tamaulipas, is a Columbia man. The Government is full of American college graduates.

The CHAIRMAN. I can give you an interesting fact that has possibly never struck you, confirming that.

Mr. LILL. When Carranza started his revolution, practically all these college men went with him. I think it is true that it is a young man's movement down there. The Mexicans themselves are not antagonistic to Americans, that I ever saw. They want foreigners in that country, but where we are not in sympathy with them is in their attempt to regulate their affairs in Mexico so that they will have some control over them.

The greatest curse of Mexico for years has been the fact that foreigners go there and retain their own nationality. They have nothing whatever to do with Mexican affairs. They do not become a part of the country. They take practically every cent out that they make. The United States is just the reverse. It has been pointed

out to me time after time, "Foreigners come here and settle in our country and do not become a part of our nation." That is a great big thing that Mexico is trying to overcome—

The CHAIRMAN. Hold on there, just a moment. Do you know how many American railroad men there were in Mexico at the outbreak of this revolution?

Mr. LILL. In 1913 or 1910?

The CHAIRMAN. 1910.

Mr. LILL. I do not.

The CHAIRMAN. My reason for asking you that is because you are making a broad statement. Go ahead.

Mr. LILL. I gather your thought that at that time the railroads were operated by Americans to a large extent and they were replaced by Mexicans later on

The CHAIRMAN. Yes, and that, although the Americans owned their homes in Mexico, and that, at the outbreak of this revolution 5,000 Americans in northern States of Mexico in a few localities owned their own homes and were operating there under Mexican laws. The fact that they were not Mexican citizens was because the Mexican Government had invited them in there, extending the privilege of retaining American citizenship and still developing property, even within the prohibited zone.

Mr. LILL. That is true, but—

The CHAIRMAN. There were twelve hundred and fifty-odd children driven out—American children—700 of whom were born in Mexico.

Mr. LILL. At what time?

The CHAIRMAN. In the early part of the revolution—1910.

Mr. LILL. As I recollect it, they were notified by our State Department to get out.

The CHAIRMAN. They were driven out at the muzzle of a gun.

Mr. LILL. Was that under the Madero revolution?

The CHAIRMAN. Yes.

Mr. LILL. I do not think we ought to take an isolated instance like that as an indication of the attitude of the Government.

The CHAIRMAN. No; but you are speaking now, just as I have heard other people speak, of the Americans going down there to make a dollar and then getting out of the country. I am calling your attention actually to people who are Americans and who have gone down there and got homes and have built up the country; built irrigation propositions, by practically their own independent efforts, and have lost all they had—driven out, and have actually lost all they had. I am not speaking of corporations.

Mr. LILL. Yes; but I can not see that. These same Americans went down there during 26 years prior to the revolution and lived there in peace and comfort and made money. The fact that they were expelled during a revolution would not entirely wrest from my mind the fact that for 26 years they had lived down there peaceably.

The CHAIRMAN. I did not suppose it would. That was suggested as simply an answer to your general broad statement as to Americans going there for the exploitation of Mexico, making money and getting away. You compared that with the conditions existing here in this country. I can show you that identical conditions existed around

Tampico, Vera Cruz, and from Yucatan to the north, where Americans had gone in there, by far, Mr. Lill, a larger number of Americans who were there in 1910 and who are not there now, but who were individual Americans or little cooperative colonies, not representing any corporations exploiting Mexico, but who had gone in there at the invitation of the Mexican Government, with certain privileges extended to them in that invitation, exactly a similar invitation as that which they have been extending to foreigners of whom you are talking, trying to build up their 15,000,000 of population.

I am simply trying to get you to specify and am calling your attention to specific instances, because you are making exactly the same character of broad statement that we have been hearing ever since the revolution broke out in 1910.

It is for those people that I have spoken in every speech I have made in the United States Senate, because they lost everything in the world they had, including their lives.

Mr. LILL. I have, as far as possible, confined myself to details and facts, I think, you will acknowledge, up to this time. I requested permission to make a very small general statement.

The CHAIRMAN. Certainly, and I am simply asking you about the specific matters regarding which you may be familiar.

Mr. LILL. I would like to impress upon you, sir, however, that that thing is a very real and vital matter to us as a Nation; and if we can get behind Mexico at the present time and help her reorganize her finances, railways, and banks, it is going to be tremendously to our advantage; and it is the only way in which we can help her. You can not possibly help Mexico by demanding that she pay her debt for damages or reorganize this or that, because she has not the money and she will not have the money until the bandit situation is cleaned up. That is all I have to say, Senator, unless you have some further questions.

The CHAIRMAN. I now regret a little that I referred to myself personally a few moments ago, in answer to your suggestion that I might, myself, have been wanting intervention in Mexico. I stated to you that my public speeches would disclose the fact as to what character of intervention I had advocated in Mexico at any time; and, having made reference to my own position, and to the fact that I had introduced a resolution of March 10, 1916, for your information I am going to now read into the record the resolution, and the only one, which I have ever introduced with reference to any class of intervention in Mexico, so that you may understand my ideas with reference to it. This resolution was introduced when the Pershing expedition was in Mexico, when the people of the United States were clamoring for action following the Columbus massacre, which occurred in my State. The purpose of the resolution, I think, will be disclosed by reading it, and I may say if you do not understand it after I read it, that the purpose of it was to limit positively and absolutely the action of the American Government in Mexico. *Intervention was already a fact.* Fourteen thousand troops were supposed to be in Mexico—Mr. Carranza says in contravention of his demands and wishes. For the purpose of limiting the *character* of the intervention—that expedition being there and *intervention being an accomplished fact*—I offered this resolution:



To authorize the President to take the necessary measures for the protection of American citizens and property in Mexico.

Whereas for three years a condition of anarchy has prevailed on and near our borders and particularly within the Republic of Mexico; and

Whereas this Government has exercised the utmost patience and its best efforts through persuasion and representations to assist in restoring order in that unhappy country, and has seen its citizens traveling and doing business in Mexico murdered and outraged and their property destroyed, in violation of their legal rights under the comity of nations and customary and positive international law; and

Whereas this Government has had its flag dishonored and insulted in Mexico, and no reparation made or redress offered; and

Whereas the clear rights of American citizens have been abridged and denied in Mexico, and this Government can not consent to any further abridgement of the rights of American citizens in any respect; and

Whereas this Government is contending for nothing less high and sacred than the rights of humanity, which every government honors itself in respecting, and which no government is justified in resigning on behalf of those under its care and authority: Therefore be it—

I do not know whether there is anything in the preamble that will appear familiar to you, Mr. Lill, or not. I may say to you that this preamble is drawn from the messages of the President of the United States, either with reference to Germany or with reference to Mexico. The words are his, not mine.

*Resolved by the Senate and House of Representatives of the United States of America in Congress assembled,* That the President be, and he hereby is, authorized and directed to use the land and naval forces of the United States, and call into service five hundred thousand volunteers:

First. For the purpose of protecting the lives and property of Americans in Mexico, and as a necessary preliminary to such purpose the opening and maintenance of all rail and other lines of communication between the City of Mexico and the seaports of Mexico, as well as with the American border;

Second. For assisting in the prompt establishment of a constitutional government in Mexico and lending same sufficient support to enable the Mexicans themselves to organize and maintain adequate military force with which to disarm all bandits and murderers and restore order and peace.

Sec. 2. That we declare our purpose to be as above set forth, and not to be the acquisition or annexation of territory, the overthrow of laws, customs, or constitution, the making of war upon the Mexican people, or interference with Mexicans in the Government of their country; and we declare our further purpose to be the withdrawal of all our armed forces from Mexican territory immediately upon the accomplishment of the objects herein set forth, and to these ends we invite the cooperation of the Mexican people.

That is the only official action that I have ever even suggested should be taken, with reference to any character of intervention in Mexico; and this resolution was for the purpose of limiting the character of the occupation of any part of Mexican territory, or the character of intervention in Mexico.

The CHAIRMAN. You made up this report in connection with your work for the American Metal Co.?

Mr. LILL. I started it in connection with that.

The CHAIRMAN. Who are the American Metal Co.?

Mr. LILL. That is a point I am very glad you brought up. I did not want to forget that. The American Metal Co. is a company—well, I don't know much about it, except that the alien property custodian appointed three or four members of the board of directors to represent 49 per cent of the capital stock held by Germans.

The CHAIRMAN. Who was the head of it?

Mr. LILL. I do not know, sir.

The CHAIRMAN. Who was the American commissioner with whom you first went down to Mexico?

Mr. LILL. Henry Bruére. He is vice-president of the American Metal.

The CHAIRMAN. Was the American Metal Co. ever blacklisted in Mexico by this Government?

Mr. LILL. I think not, sir.

The CHAIRMAN. It was blacklisted in Australia, a British possession, was it not?

Mr. LILL. I do not know. I know very little about the American Metal Co. I would much prefer that you would call Mr. Bruére on that. I could only say that during our first visit down there Mr. Bruére was on a leave of absence practically from the company, and I was not paid by Mr. Bruére; I was paid by the Mexican Government, and I was never retained by the American Metal Co. for any business until October, 1918. I went with the manager of the American Metal Co. in Mexico a number of times to see the British representative, and I think once or twice to see the Ambassador on very minor details.

The CHAIRMAN. Do you speak German?

Mr. LILL. No, sir.

The CHAIRMAN. The American Metal Co. was a subsidiary corporation of the German Metallbank and Metallurgische Gesellschaft, of Frankfort, was it not?

Mr. LILL. I do not know, Mr. Fall. I think it was, but I know very little about the American Metal Co. I knew that it was considered to be a German company when I went to Mexico. Before I go any further, Senator, I want to state that I was born in Chicago, Ill. My people—

The CHAIRMAN. I want to say, before you proceed, that no member of this committee has the slightest or remotest idea of—

Mr. LILL. I appreciate that, but I would like to put it in the record.

The CHAIRMAN. Certainly, but I wanted to disavow any reflection upon you.

Mr. LILL. My people were born in England. My father came over to the United States when he was 7 years old. As far back as 1780 that I know of we were English. I enlisted in the American Army in 1899, and served 2½ years and served 7 years after that in the Philippine Government. I wanted to go to France in this war. I made application to go, but it was represented to me from the State Department, I think, that I could render more effective service to the United States Government by going to Mexico on this work than by going to France.

Now, to get back to the American Metal Co. I never met any member of the company until I conferred with Mr. Bruére about this Mexican work. I met Mr. Loeb, I think. He expressed himself as very greatly interested in the matter and said he would like to see us do something.

The CHAIRMAN. Is that Mr. Loeb of the American Smelting & Refining Co.?

Mr. LILL. No; it is Mr. Loeb of the American Metal Co. I was down there, as I said, a year and a half altogether. I know Mr. Chamberlain, consul general, quite well. During the time that I

was in Mexico City I conferred with Ambassador Fletcher at least twice a week to keep him advised as to our progress. You will remember I stated that President Wilson had approved our project before we went down, in a conference with Mr. Bruére.

The CHAIRMAN. That was Mr. Bruére of the American Metal Co.?

Mr. LILL. Formerly city chamberlain of New York and vice president of the American Metal. I know that Mr. Chamberlain insisted that all German employees of the company be removed from the service in Mexico, and that was complied with; that is, as far as I know. I was not interested in the American Metal, but I was very much interested to know what might arise out of it, and I was on the watch. I am glad to say—which statement is confirmed by Mr. Palmer in his last article in the Saturday Evening Post—that the American Metal Co. rendered very effective service to the United States Government in the war with Germany. During the time I occupied this position in Mexico I only had two requests.

The CHAIRMAN. Are you referring to Mr. Palmer's statement regarding the American Metal Co. in the United States?

Mr. LILL. In the United States, sir. I had two requests, the only two which I had. One was asking me if I could do something to stop the sale of liquor on the property on one of their mines, and the other request was merely to ask permission to pay the taxes in Mexico City, as they always had done, instead of sending the money up to Chihuahua. At that particular time they put a law into effect that the taxes had to be paid where the property was located, and the decree was gotten out so late there was not time enough to send the money out. Those were the only two things I ever did for the American Metal Co. in Mexico.

The CHAIRMAN. Except to start this report at their request?

Mr. LILL. Well, I went down to make an examination of the books of one of the subsidiary companies, but it was understood that I was to write a report, which was requested by Mr. Cabrera, of the work of the commission. It seemed to me when I got there that the most important matter confronting Mexico was its public debt, and the thing of biggest interest which would come up in the future was its debt; so I turned my attention upon this report.

The CHAIRMAN. In your explanation of the fact that you were not employed by the Mexican Government, answering Senator Brandegee, you spoke of this report of yours here, stating that you started in to do the work on this report for the American Metal Co. of the United States, of which Mr. Bruére was the vice president and a member of this commission, with whom you went down there first. Is that correct?

Mr. LILL. Well, there is a slight misstatement there, Senator, as to these reports. I went down and held the position of acting director and chief accountant and a member of the commission.

The CHAIRMAN. I am speaking of this report which you identified in answer to Senator Brandegee's question.

Mr. LILL. The "History and Present State of the Public Debt," I started that while in the pay of the American Metal Co.

The CHAIRMAN. Well, that is the only reason I am asking you about the American Metal Co.

Mr. LILL. But it was a side issue, Senator. I was engaged to do other work, and I completed it along in February or March of this year, which the Mexican Government, will pay for.

The CHAIRMAN. You say you know it to be a fact that the American Metal Co. in Mexico was not blacklisted by the United States?

Mr. LILL. I do not know whether it was or not for a few days and then canceled. I conferred with Mr. Fletcher and Mr. Chamberlain constantly, and there was never any intimation that they were blacklisted or that there was any reason at all for not discussing matters with them if I chose.

The CHAIRMAN. I have here a photostatic copy of the report of the German mother company, giving a list of its companies. I notice in this list, which is in German, the American Metal Co. (Ltd.), New York; the Minerales y Metales Co. of Mexico; and the Australian Metal Co. (Ltd.), of London and Melbourne, etc., the American Metal Co. of New York being one of the subsidiaries. You say it was not blacklisted and you have made the statement here that it had been complimented by the Alien Property Custodian of the United States—that same company.

Mr. LILL. Well, I would not say complimented. He merely stated, I believe, in his last article that the American Metal Co. had rendered rather effective service to the United States Government.

The CHAIRMAN. And I asked you if you know whether it had been blacklisted in Australia.

Mr. LILL. I do not know, sir.

The CHAIRMAN. You never had your attention called to a statement by Premier Hughes, of Australia, which appeared in the New York Times under date of December 29, 1918? He spoke of the great firm of Mertons as an agent of the enemy, and in the course of his remarks he says:

In America they pushed out another tentacle; there was a company called the American Metal Co. It was a company in which out of 70,000 called-up shares 34,000, or 49 per cent, were held by the Metallgesellschaft at Frankfurt, 27 per cent by Mertons of this place—

That is, of Australia, whom he claims were enemy Germans—

and the remaining 18 per cent were held mostly by hyphenated Germans, a few being held by bona fide Americans, who were put right in the front of the shop window to deceive the credulous. \* \* \* In Australia we turned them out and we interned their directors.

Mr. LILL. The Australian company, I believe, was the Mertons Co., from what you said. Whatever action was taken in Australia—

The CHAIRMAN. No; it was taken against the Metallgesellschaft. Mertons were their agents, just as Mertons held a part of the stock of the American Metal Co. here, the balance of it being held directly in Germany. The Australian Metal Co. (Ltd.), of London and Melbourne, was the name of the company. It was represented there in Australia by the Mertons, whom Premier Hughes said held a large part of the stock of the American Metal Co. in the United States, and 90 per cent of which, as you have stated, and which he corroborates, was held directly in Germany.

Mr. LILL. Well, the fact that Australia took certain action against the Australian company I could not take as a reason why similar action should have been taken here. I know that Mr. Bruere was in consultation with the State Department week after week. There

was not a detail of that company's business that was not known by the American Government, and all its action taken by its officers was with the knowledge of the Government.

The Alien Property Custodian appointed three or four directors, very prominent men, and I know from my personal knowledge that Mr. Chamberlain, the consul general in Mexico City, was very active in ridding the company of German employees. The manager of the *Compania Minerales* was a Mr. Dieffenbach. While a German name, Mr. Dieffenbach was born in Newark. I think he is of the third or fourth generation and he is as good an American as anybody. The assistant manager was Mr. Gadd, an Englishman. That is all I know of the American Metal Co., except to go on record as saying that all the time I was there in a position to be of great assistance to the company I was never requested to do so. Not for the record, but in an executive session, I could go into details with you in regard to matters transacted with the Mexican Government and the American Government, through me, which would probably meet with your approval.

The CHAIRMAN. How is that, sir?

Mr. LILL. I say matters which I can not go into for the record, but I would go into with you in executive session, regarding the matters between the two governments in which I was active and in which Mr. Bruère was active.

The CHAIRMAN. The United States Federal Trade Commission made a report on Mr. Bruère, did it not?

Mr. LILL. Not Mr. Bruère; it was a report on what they call profiteering, which included various officials of the American Metal Co. I was present all one morning at the Federal Trade Commission when this was discussed.

The CHAIRMAN. That report shows—of course, I do not vouch for the truth of it—that Mr. Bruère participated in what the commission calls the “melon cutting” in the business of 1917 of the American Metal Co., which they call a German-owned company, to the extent of \$82,810.

Mr. LILL. He is not the only official of the American Metal Co. mentioned, is he? Are there not others?

The CHAIRMAN. Not in that paragraph and I have only extracts from the report. There is a statement to the effect that Mr. Bruère participated to the extent of \$82,810. I am simply interested in the portion of the report referring to the company as being German owned, and to Mr. Bruère's activities in connection with that. I refer particularly to the following:

Until last April, when Mr. Bruère obtained a license to meet with the enemy upon neutral soil abroad and negotiate for the purchase of “control,” the Alien Property Custodian held only 49 per cent of the German-owned American Metal Company Limited.

Do you know whether during the time that you were there work was stopped on any of the American Metal Co.'s properties in Mexico?

Mr. LILL. I do not know, sir.

The CHAIRMAN. Do you know where they are situated in Mexico?

Mr. LILL. Yes; I think in Mapimi, just outside Monterey.

The CHAIRMAN. Well, generally, they are all over Mexico; you spoke of paying taxes for their Chihuahua owned properties.

Mr. LILL. Yes. I do not think they suffered very much down there by reason of having their work stopped, and I encountered some criticism down there against the company by reason of the fact that they had purchased properties during the insurrection or during all the time this trouble was going on, while other companies had shut down. From what I could see down there the buying of these properties, or any profit which they may have made in that way, was because of the fact that they were practically the only people down there who understood the situation and had enough sand to back it up and take a chance. I think it is true that one or two of the men connected with the company knew Carranza when he was a boy.

The CHAIRMAN. When did you leave Mexico?

Mr. LILL. I left Mexico about December 26 or 27, 1918.

The CHAIRMAN. How did you happen to leave that country?

Mr. LILL. I had concluded my work.

The CHAIRMAN. Was the Mexican press taking any interest in your work there?

Mr. LILL. Very little, sir. I think the reason why I had considerable success was in subordinating the American personnel of the commission and putting all these things up through the department so that the men themselves could get credit for it.

The CHAIRMAN. Is the "Excelsior" in Mexico an important paper?

Mr. LILL. It was at the time I was there.

The CHAIRMAN. Has your accounting system been retained in Mexico?

Mr. LILL. I can not tell that. I am in touch with some of my former employees and it has been changed in some minor ways, I understand, but not to its advantage.

The CHAIRMAN. I notice an extract here in the original Spanish from the Excelsior of June 21, 1919. I have the original, and a clipping from the paper and a translation of it. The translation is to the effect that by order of the comptroller's department, the modern accounting system which was installed by American experts will be abandoned, and the old system again used. It is stated that many of the old Government employees have been unable to learn the new accounting system. On the same date it appears that there was an editorial comment to the same effect in the Excelsior.

Mr. LILL. Well, of course, Senator, you place so little reliance upon newspaper reports that you will appreciate what that is worth.

The CHAIRMAN. That is the reason I asked you whether your work was being carried on or whether it had been abandoned.

Mr. LILL. As you know, the papers in Mexico City all back certain people.

The CHAIRMAN. Whom is the Excelsior backing?

Mr. LILL. I presume it is back of Pancho Gonzales, the controller, but about that time I had a letter stating that there had been a series of articles running in opposition to the controller, which also tended to confirm that in a way, saying that the controller had become a slave of routine. I think they ran it about 10 days and

criticized the controller very severely for not carrying out our recommendations, or loosening up on some of them.

The CHAIRMAN. You have been away from there a year since June?

Mr. LILL. Since January of this year.

The CHAIRMAN. I say, you have been away from there since June of this year?

Mr. LILL. Yes.

The CHAIRMAN. I have extracts from *El Universal* and *Excelsior*, showing various matters of interest in connection with the Mexican financial situation, the counterfeiting of stamps, etc.; Mr. Cabrera, for instance, passing upon embezzlements in the month of March, as reported in "*Excelsior*" of July 15, 1919, stated: "Infractions of the federal stamp law run into the thousands. During the past week, Luis Cabrera, with the assistance of many clerks, passed upon 60,000 of these cases. The stamp laws are regarded as defective in many ways and it is probable that new regulations will be up into effect to prevent the federal government from being defrauded by persons who do not affix the proper amount of stamps provided by law."

There are a great many of the clippings to which I will not call your attention, because they are nearly all of very recent date. I have had them gathered for the purpose of showing the present situation, but as they are subsequent to the date of your leaving Mexico City, I will not direct your attention to them.

Mr. LILL. Well, I sincerely hope that a newspaper paragraph will not be taken as evidence—

The CHAIRMAN. It will be taken as evidence, I think, generally, Mr. Lill, as much as general statements of one who does not know the facts will be taken as a foundation for the ascertainment of facts. For instance, I was questioning you a while ago as to the basis for certain general statements. I have no doubt, of course, that the general conclusions which you may draw, and state here represent your convictions, but they do not constitute proof. There is a great difference between evidence and proof, as you know. You may be entirely sincere in making a general statement, and if your attention is called to specific facts you might ascertain from those facts, if they were established to your satisfaction, that your conclusions were erroneous. Now, the newspaper articles will be treated in exactly the same way. They are evidence; they are not proof. If they are corroborated by other evidence they may go to establish proof.

Mr. LILL. On that basis, Senator, it seems rather unjust to put that paragraph in the record. It is not proof, or even evidence.

The CHAIRMAN. It is evidence just as much as your general statements are evidence. It is not proof.

Mr. LILL. This is not the only government I have worked for. I have done a great many government jobs, and I set out with a hundred per cent ideal and I generally succeed in getting possibly 60 per cent, and after I leave I am satisfied if they retain 20 or 25 per cent. That is about the way it works out in Government work.

The CHAIRMAN. Well, I want to get a little more than 50 per cent, if I possibly can, on an average, in this hearing. You asked

me a while ago if I am a lawyer. I have been engaged in the practice of law for some years, and I have made it a point in the trial of my cases, just as I have made it a point in all the speeches I have made with reference to Mexico, to base them upon facts which I could prove. My conclusions might be erroneous, but the facts which I have given with reference to Mexico I defy anyone to controvert. I have been talking about Mexican affairs more or less for seven or eight years, and I defy a contradiction of any fact which I have stated with reference to Mexico. My conclusions may not agree with the conclusions of many people, yourself as well as others, and they are also subject to criticism, but when I attempt to give a fact I give a fact which I have investigated and checked up to the very best of my ability before I ever give it publicity.

Mr. LILL. Of course, the statements which I have given you regarding the debt, I presume, are considered as statements of fact?

The CHAIRMAN. In so far as they go, I have no doubt they are statements of fact, and I have no desire to reflect upon anything that you have stated even as a conclusion, or even to intimate that I do not think you are perfectly and entirely sincere. Nor do I suppose that the statement made by Mr. Cabrera with regard to his activities as published in the *Excelsior* in Mexico City would go uncontradicted if it were not true.

Mr. LILL. There are all kinds of statements down there made all the time. They are not contradicted because they are not important.

The CHAIRMAN. But you have been sitting right here testifying to your conclusions, based upon newspaper statements, made in the United States, to the effect that the citizens of the United States are demanding intervention, and still your information was derived from newspaper stories. In one instance you give credit, and in the other, when Mexican newspapers are cited, you think they should not be given any consideration.

Mr. LILL. Well, what particular purpose is served? Is it the intention or indication that my entire testimony is to be disregarded because the *Excelsior* made a statement?

The CHAIRMAN. Not at all.

Mr. LILL. That is what effect it has on getting into the record.

The CHAIRMAN. What?

Mr. LILL. An irresponsible paragraph of a Mexican newspaper going into the record. What difference does that make regarding my testimony? I came before you, Senator, as an American citizen giving you the very best information I have. Now I have given it to you.

The CHAIRMAN. Certainly, and we accept it. I asked you when you left Mexico City. You stated when you left there. I also asked you if your system is still in force and effect in Mexico. As I understand you, you have said that in so far as you know it is partly in effect, or has been possibly partly changed.

I then read your statement from a paper which you say is one of the large papers of Mexico City, to the effect that "by order of the comptroller's department, the modern accounting system which was installed in the federal government by American experts, will be abandoned, and the old system again used. It is stated that many of the old government employees have been unable to learn the new accounting system." There is no reflection whatever upon you.



This was in June of this year, and I asked you whether your system is in effect now, and you, apparently, did not know. There is no conflict between this statement here and the evidence you have given. Of course, there is no reflection upon the weight of your evidence given here. You say you are not in the employ of the Mexican Government; you left there sometime in January or February of this year, I believe, and it is stated by the Mexican press in June that the system that had been installed down there by the American experts is being, or has been abandoned. What conflict is there between that and your testimony?

Mr. LILL. Well, I very seriously doubt whether the statement in the newspaper is true. From what information I get from men who were formerly my subordinates, I am quite sure there were some changes. I recommended some changes myself. As to whether the system has been abandoned, I doubt it very seriously.

The CHAIRMAN. Well, that is a perfectly proper statement for you to make, and the former statement you made when you inquired the purpose of putting this in the record, and intimated that it was to controvert your evidence, was an entirely improper statement. It was not warranted by anything done here, or put in evidence. The statement you are now making is a perfectly proper one. You have been granted all the latitude that you asked, and you have been allowed to make any kind of statement you wished. The only question that has been raised as to any of your statements has been in connection with matters upon which you based your conclusions. I am not attempting to discredit any witnesses coming before this committee.

Mr. LILL. It would not be the first time that a system I have installed had not been carried out in all its details the way I have planned it.

(Thereupon, at 1.30 o'clock p. m., the committee adjourned subject to the call of the chairman.)



# INVESTIGATION OF MEXICAN AFFAIRS

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## HEARING

BEFORE A

### SUBCOMMITTEE OF THE COMMITTEE ON FOREIGN RELATIONS UNITED STATES SENATE

SIXTY-SIXTH CONGRESS

FIRST SESSION

PURSUANT TO

## S. Res. 106

DIRECTING THE COMMITTEE ON FOREIGN RELATIONS TO  
INVESTIGATE THE MATTER OF OUTRAGES ON CITIZENS  
OF THE UNITED STATES IN MEXICO

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## PART 4

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Printed for the use of the Committee on Foreign Relations



WASHINGTON  
GOVERNMENT PRINTING OFFICE  
1919

## COMMITTEE ON FOREIGN RELATIONS.

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## SUBCOMMITTEE ON MEXICAN AFFAIRS.

ALBERT B. FALL, *Chairman.*

FRANK B. BRANDEGEE.

MARCUS A. SMITH.

DAN M. JACKSON, *Clerk.*

# INVESTIGATION OF MEXICAN AFFAIRS.

**SATURDAY, OCTOBER 18, 1919.**

UNITED STATES SENATE,  
SUBCOMMITTEE ON FOREIGN RELATIONS,  
*Washington, D. C.*

The subcommittee met, pursuant to the call of the chairman, at 12 o'clock noon, in room 128, Senate Office Building, Senator Albert B. Fall presiding.

Present: Senators Fall (chairman) and Smith.

Present also: F. J. Kearful, counsel.

The CHAIRMAN. The committee will come to order.

## TESTIMONY OF H. T. OLIVER.

(The witness was duly sworn by the chairman.)

Mr. KEARFUL. State your name, Mr. Oliver.

Mr. OLIVER. H. T. Oliver.

Mr. KEARFUL. Your place of residence?

Mr. OLIVER. Mexico City and New York.

Mr. KEARFUL. What is your profession?

Mr. OLIVER. I am an engineer; graduate of Sheffield Scientific School, Yale University.

Mr. KEARFUL. What is your present occupation?

Mr. OLIVER. President of the Oliver American Trading Co., engaged in mineral export and import business and transportation to and from the United States and points in Mexico, handling explosives and agricultural implements and general merchandise.

Mr. KEARFUL. Are you acquainted with Maj. R. B. Sutton?

Mr. OLIVER. Yes, sir.

Mr. KEARFUL. What is his business?

Mr. OLIVER. He is the president of the American Gun Co.

Mr. KEARFUL. What, if any, arrangements have you and Mr. Sutton recently made to furnish arms and ammunition to the Carranza Government?

Mr. OLIVER. My company has made a contract with the American Gun Co. to purchase 5,000 Mausers for delivery to the Constitutional Government of Mexico under license, of course, from the American Government.

Mr. KEARFUL. What sort of license?

Mr. OLIVER. It is a War Trade Board license which was granted September 16 to the Mexican Government for 15,000 guns and 15,000,000 rounds of ammunition.

Senator SMITH. What is the American Gun Co.? Where is it located?

Mr. OLIVER. It has its main office, or one office, at 149 Broadway, New York City.

Senator SMITH. Where is its manufactory? Are they mere dealers in guns or manufacturers of guns?

Mr. OLIVER. I am not at all acquainted with them excepting they have stated they are assemblers and general dealers.

Mr. KEARFUL. When was this permit granted?

Mr. OLIVER. September 16 this year.

Mr. KEARFUL. Has any change been made since then with reference to the control of exports of munitions to Mexico?

Mr. OLIVER. There has been no official change that I have heard of; but in reference to this license I am informed that the State Department has asked the American Gun Co. not to make this shipment to us. In other words, to hold it up temporarily.

Mr. KEARFUL. From whom do you get that information?

Mr. OLIVER. From Mr. R. B. Sutton in a letter to me dated October 14, I think it is.

Mr. KEARFUL. What further, if any, information have you with reference to the matter of that shipment being taken up with the State Department at that time?

Mr. OLIVER. Mr. Sutton has told me personally, and has also corroborated this by a letter, that he has had the matter up with the State Department, Mr. Lansing, on October 9, and that as a result of the interview Mr. Lansing asked him to hold up the shipment temporarily pending decision from higher authority.

Mr. KEARFUL. Does Mr. Sutton in that letter give the details of the conference that he had in the State Department?

Mr. OLIVER. Yes, sir.

Mr. KEARFUL. Will you read that from the letter, please?

The CHAIRMAN. Are you going to put the letter in the record? If not, I want the stenographer to take it down as you read it; or would you just as soon file it?

Mr. OLIVER. I have no objection at all, as far as I am concerned, to having the whole letter placed in the record.

The CHAIRMAN. Just read the letter, then.

Mr. OLIVER (reading):

OCTOBER 14, 1919.

OLIVER AMERICAN TRADING CO.,

*Eagle Pass, Tex.*

DEAR MR. OLIVER: Owing to the injury to my hand, the consequent inability to write, and the lack of a stenographer out in the country, I was unable to write Saturday or Sunday.

You will find herewith the permit for the merchandise in question.

I can not express my chagrin over the delay and obstacles that have been temporarily put in the way of making the shipment as promised on our part.

Some months back, when your company entered into negotiations with us in regard to the shipment of guns to Mexico, I personally went to Washington and took the matter up with the State Department in regard to securing a permit.

At that time, to be exact, the first week in February, 1919, I talked with Mr. Frank Polk, the Acting Secretary of State, and Mr. Boaz Long, the Chief of the Bureau of Mexican Affairs. I was at that time informed that if the goods shipped were for the recognized Government of Mexico, if I could show an official order from his excellency, President Carranza, and if our company was protected against loss by the deposit of the purchase price in the United States, that under these conditions the shipment would be favorably considered.

All further negotiations between us have been on the above-mentioned basis—we were acting in good faith that our Government would certainly support and

consider the Government in Mexico that they had acknowledged, recognized, and previously permitted to obtain goods of such class.

You on your part were most certainly within your rights in the negotiations you carried on with the Carranza government, and no one can for one minute question your good faith or loyalty both to the United States and your clients, the recognized Government of Mexico.

In the month of September just past I was again in Washington to arrange with the Export Division of the War Trade Board for the shipment of rifles to Carranza, it being our understanding and belief that these rifles were most necessary to enable President Carranza to equip his forces so that he could better protect and safeguard the lives and interests of American citizens and property holders in Mexico.

(I had also just previous to this been discussing with Mr. Denegre, the Mexican consul in New York City, the possibility of our obtaining a permit for the Mexican Government to ship from New York to Vera Cruz certain 7-mm. ammunition that they had purchased several years ago and had in storage here.)

After my return to New York we formally entered into a contract with your company for the sale and delivery of 5,000 rifles, and received from your New York manager part payment in advance on the first lot of 1,000.

On September 30, 1919, the entire control, issuance of permits for export, etc., into Mexico passed into the hands of the Secretary of State.

On Tuesday, October 8, I went to Washington for a conference with the Secretary of State, Mr. Lansing, in regard to our making the shipment. That meeting was at 10 o'clock Wednesday morning, October 9, and to which I was accompanied by a United States Senator and a Member of the House of Representatives. Mr. Lansing received us very graciously, but said he desired to have present our American ambassador to Mexico, which said ambassador, Mr. Fletcher, entered from an adjoining room. The policy of the State Department, it appears at the present time, is to refer all matters and action in regard to Mexico to Mr. Fletcher. It being assured that having more or less recently returned from Mexico he should be thoroughly conversant with the situation there and he is kept sojourning in Washington for that valuable reason.

Mr. Fletcher flatly refused to recommend or sanction the shipment of any munitions, rifles, etc., to Carranza. The matter was then argued pro and con for over a half an hour, Mr. Lansing finally deciding that the matter must be held up temporarily pending decision from higher authority. Then I explained at length how there was now ready for shipment 800 guns. That so much had been paid in advance; the expense and outlay that both you and our company had been put to. That, further, there had been definitely arranged through Gen. Barragan, President Carranza's chief of staff, for an escort to be at the border to receive these goods and safeguard their delivery to the capital. That having gone so far, the bad impression that such failure to deliver would create and the loss entailed. Further, that Piedras Negras as a point of entry was positively and securely held by Carranza, that there could not probably be an accident in the delivery of the guns so that they would fall into the hands of bandits, and also I pointed out the successful operation of trains by your company.

In all of this argument I was most ably supported by the gentlemen who accompanied me, and where Mr. Lansing might have permitted the shipment of 800 guns now pending action on the part of the order, Mr. Fletcher effectually stopped the shipment of even this small lot by ridiculing the ability of the Carranza forces to protect the shipment and stating that these guns were more apt to be used against Americans than in safeguarding the lives and interests of Americans now in Mexico; Mr. Fletcher's talk certainly killed all chances of immediate shipment.

I then asked Mr. Lansing if we were definitely prohibited from making the shipment and carrying out our contract, and if we should refund the payment made, tear up the contract, return the order and charge the matter up to profit and loss. Mr. Lansing answered me directly and positively "No," that while we were not permitted to make the shipment immediately as contemplated, that action was merely temporary and that in a short while we would be permitted to make the shipment and delivery across border as now arranged.

Believe me, Mr. Oliver, I do appreciate your embarrassment and position in the matter and most certainly we will not let the matter stop and rest where it is, nor will we let you suffer from any lack of effort on our part.

While it is not for me to make any prognostications as to political conditions in Washington, it is my belief that the department is merely waiting for a definite statement and decision in regard to these matters from our esteemed President, and I have every hope that the work will be resumed in a very short time and, as the Secretary states, the delay is temporary.

We will keep you advised by telegraph.

Sincerely, yours,

This was sent to me at Eagle Pass because I had intended to leave New York for Eagle Pass, and then I was called back on company business, du Pont business.

Mr. KEARFUL. That was signed by R. B. Sutton?

Mr. OLIVER. Signed by Mr. R. B. Sutton.

Mr. KEARFUL. Do you remember who the United States Senator and Member of the House of Representatives who accompanied Mr. Sutton were?

Mr. OLIVER. I do not. I never asked Mr. Sutton.

Mr. KEARFUL. He speaks of your embarrassment and position in the matter. What embarrassment do you suffer?

Mr. OLIVER. Well, it has placed me in a very embarrassing position because I have informed the Carranza government that we had this license, that we had 800 guns ready to ship, or we would be ready to ship in just a few days as soon as they were packed. and then I had to inform the Carranza government that I am compelled to hold up the shipments.

Mr. KEARFUL. What reason can you give to the Carranza government for that?

Mr. OLIVER. The only reason that I can give the Carranza government is what is contained in this letter, that our Government, or our State Department, has asked us to hold up this shipment, although acknowledging the fact that we had this license issued in good order.

Mr. KEARFUL. Since this letter was written on October 14, do you know what further efforts have been made to induce the State Department to permit the shipment?

Mr. OLIVER. I do not know what further efforts have been made, but I know that Mr. Sutton has been working very hard to endeavor to obtain permission to go ahead with the shipments, at least a part of them.

Mr. KEARFUL. How lately have you spoken to Mr. Sutton about it?

Mr. OLIVER. Just yesterday.

Mr. KEARFUL. What did he say with regard to the success of his efforts?

Mr. OLIVER. He said that there seemed to be no hope of immediate action.

Mr. KEARFUL. And he places the responsibility for that upon statements made by Mr. Fletcher?

Mr. OLIVER. He puts it very frankly right up to Mr. Fletcher. The point is that it is a very——

Mr. KEARFUL. Just a moment. You are doing business in Mexico at the present time?

Mr. OLIVER. Yes, sir; we are operating trains there weekly, continuously, several places throughout the country.



Mr. KEARFUL. Does your apprehended embarrassment result from the effect it may have upon your business if you are not permitted to keep your contract with Carranza?

Mr. OLIVER. It will certainly reflect very seriously on my good faith and the good faith of our organization, and while I am sure that I can convince the Carranza government that we have done everything in our power to deliver the guns, yet I am embarrassed by the fact that I can not deliver them.

Mr. KEARFUL. What effect would that have upon the feeling of the Mexican Government toward the American Government or toward Americans?

Mr. OLIVER. It will not help any friendly relations. That is my opinion.

The CHAIRMAN. That is all you now have to testify to, is it, Mr. Oliver, at the present moment?

Mr. OLIVER. Yes, sir.

The CHAIRMAN. Very well, sir.

(Whereupon the committee adjourned, subject to the call of the chairman.)



# INVESTIGATION OF MEXICAN AFFAIRS

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## HEARING

BEFORE A

### SUBCOMMITTEE OF THE COMMITTEE ON FOREIGN RELATIONS UNITED STATES SENATE

SIXTY-SIXTH CONGRESS

FIRST SESSION

PURSUANT TO

## S. Res. 106

DIRECTING THE COMMITTEE ON FOREIGN RELATIONS TO  
INVESTIGATE THE MATTER OF OUTRAGES ON CITIZENS  
OF THE UNITED STATES IN MEXICO

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## PART 5

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Printed for the use of the Committee on Foreign Relations



WASHINGTON  
GOVERNMENT PRINTING OFFICE  
1919

## COMMITTEE ON FOREIGN RELATIONS.

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## SUBCOMMITTEE ON MEXICAN AFFAIRS.

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MARCUS A. SMITH.

DAN M. JACKSON, *Clerk.*

# INVESTIGATION OF MEXICAN AFFAIRS.

**SATURDAY, NOVEMBER 1, 1919.**

UNITED STATES SENATE,  
SUBCOMMITTEE ON FOREIGN RELATIONS,  
*New York, N. Y.*

(The following testimony was taken at New York City, November 1, 1919, in pursuance of an order of the subcommittee of the Foreign Relations Committee of the Senate, by Francis J. Kearful, Esq.:)

## **STATEMENT OF MR. WILLIAM BAIN MITCHELL.**

(The witness was duly sworn by Francis J. Kearful, Esq., duly authorized thereto by order of the subcommittee.)

Mr. KEARFUL. State your full name.

Mr. MITCHELL. William Bain Mitchell.

Mr. KEARFUL. What is your occupation?

Mr. MITCHELL. Banker.

Mr. KEARFUL. How long have you lived in Mexico?

Mr. MITCHELL. Twenty-one years.

Mr. KEARFUL. What was your business there?

Mr. MITCHELL. Banker; connected with the Banco de Londres y Mexico.

Mr. KEARFUL. What was your position with that bank?

Mr. MITCHELL. Do you want dates?

Mr. KEARFUL. No; what was your position at the bank?

Mr. MITCHELL. The reason I ask that is because from 1896 to 1898 I was junior; 1898 to 1902 accountant in a branch in Lerdo; 1902 to 1908 manager of branch in Torreon; 1908 to 1917 general manager in the head office at Mexico City.

Mr. KEARFUL. What is the unit of value in the Mexican monetary system?

Mr. MITCHELL. The Mexican peso, gold or silver.

Mr. KEARFUL. Prior to 1905?

Mr. MITCHELL. It was fixed in 1905 by the recommendation of the monetary commission to the Government at 50 cents United States currency at the time that what is termed the gold basis was brought into Mexico. Although the basis of 50 cents United States currency or, to put it in easy language, 2 to 1 (2 pesos to \$1 American), was fixed the rate of exchange was really 49.80, which practically was current.

Mr. KEARFUL. How long was that rate of exchange maintained?

Mr. MITCHELL. From the installation in 1905 this rate, with slight variations, kept up until March, 1913.

Mr. KEARFUL. Just following the fall of Madero.

Mr. MITCHELL. The break occurring immediately after the fall of the Madero government.

Mr. KEARFUL. Did it recover subsequently?

Mr. MITCHELL. Yes; it recovered before September, 1913.

Mr. KEARFUL. When did it finally break without recovery?

Mr. MITCHELL. It broke with no show of recovery in August, 1914.

Mr. KEARFUL. What event occurred at that time?

Mr. MITCHELL. This was brought about by the entrance of the Carranza troops headed by Gen. Obregon, who brought in paper money with him, said paper money having no reserve or legal foundation.

Mr. KEARFUL. What paper money existed up to that time in Mexican finances?

Mr. MITCHELL. The only paper money was the bills or currency of legally established banks operating under charters granted by a duly installed Congress and Senate of the Republic of Mexico or those operating under the banking laws of Mexico which were brought in in the time of Gen. Porfirio Diaz through the advice of his able finance minister, Mr. Limantour.

Mr. KEARFUL. How were those bank notes secured?

Mr. MITCHELL. These bank notes were secured by having reserves in gold or silver.

Mr. KEARFUL. At what rates?

Mr. MITCHELL. \$1 in gold and silver to \$2, with the exception of two banks.

Mr. KEARFUL. Which two?

Mr. MITCHELL. The Banco Nacional de Mexico and the Banco Nuevo Leon, which had a special charter to issue in the ratio of 3 to 1.

Mr. KEARFUL. When was that ratio of 2 to 1 changed?

Mr. MITCHELL. March 30, 1914.

Mr. KEARFUL. What was the cause of it?

Mr. MITCHELL. At the time that President Huerta required money to help him, as he said, to get funds for the purpose of stamping out the Carranza revolution, and after he had called various meetings of the different bankers in Mexico City, who pointed out to him the fact that if they should advance to him the sums of money he required the credit of the banks and the country would be spoiled, as it was impossible for them to let him have the amounts he demanded seeing that they, owing to the revolution, had been unable to collect the large sums due unto them, were unable to issue more currency. And after consulting with his minister of finance and his cabinet he informed the banks that if they would let him have the amount which he asked for, namely, ₧50,000,000, he would bring in a law—which he did—allowing those banks which could only issue in the ratio of 2 to 1 to issue in the ratio of 3 to 1.

Mr. KEARFUL. What was the quota required from the Banco de Londres, of which you were manager?

Mr. MITCHELL. The full quota of the Banco de Londres was ₧11,500,000, the first ₧3,500,000 having been given as a temporary

loan, the second \$8,000,000 being demanded at the time the proposition outlined above was brought out, and even, although the Banco de Londres protested against this high ratio, the board of directors were finally convinced, or obliged, to accept same.

Mr. KEARFUL. Who was the Mexican minister of finance at that time?

Mr. MITCHELL. De la Lama.

Mr. KEARFUL. What occurred when you protested against the quota that was assigned to your bank?

Mr. MITCHELL. When the deponent went to the office of Mr. de la Lama, accompanied by his counsellor at law and pointed out to said Mr. de la Lama, the minister of finance, that it was impossible for the Bank of London to take up such a heavy quota, which was all out of proportion to the amounts allocated to other banks, he was informed that both he and his counsel were under arrest, and that he could not be released until he should call a quorum of the board of directors of his bank to the office where he was being held prisoner to discuss the matter. He got all facilities of telephoning and was able to get the necessary quorum of the board of directors, and after long discussion the board of directors acceded to the desire of the minister of finance or, it might be better said, to the desire of the Government then in power.

Mr. KEARFUL. When that was done you were released, I suppose?

Mr. MITCHELL. Yes; as soon as the board of directors verbally consented to this the deponent and his counsel were allowed to leave in liberty and go to their homes.

Mr. KEARFUL. What benefits, if any, did Huerta and his officials receive from this deal personally, if you know?

Mr. MITCHELL. Although a part of the money which was borrowed from the banks in this arbitrary manner may have been used in paying troops and governmental expenses the deponent is positive that a great part of the money was received by members of the cabinet of Gen. Huerta and by the military officers under him. Soon after the money was lent and some time before the fall of President Huerta the deponent had the opportunity to see that packages of bank notes which had been delivered to the treasury of the Government were returned to the bank of which he was manager with the purpose of buying drafts on Europe in favor of different members of the government of President Huerta. Deponent, however, must admit that in no case did he see a draft bought in favor of Huerta.

Mr. KEARFUL. Generally speaking, how do those operations which you have last mentioned compare with the operations of the Carranza officials subsequently in regard to personal benefits, without going into a description, which we will come to later—were they more or less?

Mr. MITCHELL. I had more opportunity to see and know any operations in which the men around Carranza, the actual President of Mexico, remitted large sums of money to other countries, more especially to the United States, even although they used special agents to endeavor to cover up their operations.

Mr. KEARFUL. In a general way, were those operations larger or smaller than those of the Huerta officials?

Mr. MITCHELL. Much larger.

Mr. KEARFUL. How do they compare?

Mr. MITCHELL. In comparison the operations of the Huerta officials, which all came at the finish of the Huerta régime, are small compared to those of the Carranza régime, because those of the Carranza régime began their operations immediately after their entry into power.

Mr. KEARFUL. And have they continued it ever since?

Mr. MITCHELL. Until the time deponent left Mexico in 1917 they were being continued, and during a visit he made in June, 1918, he had the opportunity of seeing that they had not terminated.

Mr. KEARFUL. Now, with reference to the revolutionary paper money that was brought in by Gen. Obregon, are you familiar with the different issues of that kind of money by the revolutionary chiefs?

Mr. MITCHELL. Yes.

Mr. KEARFUL. Can you enumerate the different issues by the Carranza revolutionary army?

Mr. MITCHELL. I can enumerate the different issues that were made in Mexico City as well as issues that have been made in the north and which were brought in as legal tender or, as they say in Spanish, *de curso forzoso*.

Mr. KEARFUL. What were the various issues called that were issued under the authority of Carranza?

Mr. MITCHELL. Before his arrival in Mexico City he had issued different paper and on arrival of his troops in Mexico City they brought two issues with them, one being the issue of Monclova and bills of Chihuahua, the first being denominated by the populace as *sabana* (or sheets), and the other being *dos caras* (or two faces).

Mr. KEARFUL. Then what other issues followed those two?

Mr. MITCHELL. In September, 1914, Carranza decreed an interior debt of 130,000,000 pesos and issued paper currency to this denomination, said currency being called Vera Cruz bills.

Mr. KEARFUL. Were those Vera Cruz bills designed to take up any of the previous issues?

Mr. MITCHELL. They were supposedly designed or issued with this object and decrees were published exacting that possessors of the other two currencies mentioned should present their holdings of same to the national treasury so that they might be taken up and canceled. But the holders of said paper were greatly surprised when, on presenting same, which they had received in good faith, and in many cases had been obliged to receive at the point of a gun, they were called falsifications and were destroyed in their presence, the holders receiving nothing in compensation but abuse.

Mr. KEARFUL. What subsequent issue of paper money was issued by Carranza?

Mr. MITCHELL. The 1st of June, 1916, the next issue was made called *infalsificables*.

Mr. KEARFUL. What was the operation in connection with the issuance of those bills, in connection with the taking up of the Vera Cruz issue?

Mr. MITCHELL. The decrees referring to the issue of this class of paper informed the holders of the Vera Cruz money that they had to present same to the national treasury and receive 1 peso *infalsificable* for every 10 pesos of the Vera Cruz bills which they held, but



when presenting the Vera Cruz money in any large quantity they received certificates stating that they would receive payment at the ratio mentioned at stated periods for three years, said periodical payments being made due June 30 and the end of December of each year.

The infalsificable money was issued with a value of 20 cents national gold (Mexican gold), equivalent to 10 cents United States currency.

Mr. KEARFUL. How long was that ratio maintained?

Mr. MITCHELL. This ratio was maintained for about three weeks, during which time the industries and mining companies who required this paper to enable them to pay their laborers had to go to the national treasury and purchase the paper at this price, paying for same with Mexican gold coins in the proportion mentioned or with direct drafts on the United States at the proportion mentioned above, the treasury department, however, being very careful that they only accepted drafts of banks or companies of first-class standing, otherwise certified checks.

Mr. KEARFUL. Do you know the amount of this issue of infalsificables? To offer you a suggestion, Mr. Middleton in his recent book entitled "Industrial Mexico" states that it was nearly 540,000,000 pesos.

Mr. MITCHELL. I was going to jump to 750,000,000. It was supposed to be decreed 500,000,000, but those who were in Mexico City are satisfied that there was about 750,000,000, and the only way they could get any check would be to find the amount that the American Bank Note Co. printed.

Mr. KEARFUL. They were all printed by the American Bank Note Co. of New York?

Mr. MITCHELL. Even although this is difficult, in view of the fact that the bills of 2 pesos and 1 peso were printed in Mexico and the American Bank Note Co. only having printed the bills of 5 pesos or other higher denominations.

Mr. KEARFUL. To what point did the value of this issue fall?

Mr. MITCHELL. The lowest point I can remember is 24 cents United States currency.

Mr. KEARFUL. For 1 peso?

Mr. MITCHELL. For 1 peso. But while it was still used as a medium of foreign exchange, it became so depreciated that even the workmen employed by the Carranza government, on finding that they could not utilize it to buy a cup of coffee, took all their week's earnings and piled same in a heap and burned it near to the President's palace.

Mr. KEARFUL. Then do I understand you that this issue of bills called infalsificables became practically worthless?

Mr. MITCHELL. That is it. Nobody would have them. And for this reason they had to bring in the decree bringing in gold and silver, the Government first of all having demanded that all taxes, customs duties, and everything should be paid in gold and silver.

Mr. KEARFUL. In addition to these issues that you have mentioned were there any other issues by the various generals operating under Carranza?

Mr. MITCHELL. Yes; there were.

Mr. KEARFUL. Was any provision made for taking those up in any manner?

Mr. MITCHELL. None at all. The issues of different generals, among which there was an issue called issue of Jalisco by Obregon, were never really recognized by the Carranza government, and the only specimens that the deponent saw were held as curiosities.

In addition to the issues of paper money in Mexico City, as all kinds of small change in silver or copper disappeared, the Carranza government was obliged to issue cardboard called cartones.

Mr. KEARFUL. Representing fractional currency?

Mr. MITCHELL. Representing fractional currency from 5 to 50 cent pieces—5, 10, 20, 25, 50.

Mr. KEARFUL. Do you know the aggregate amount of those issues?

Mr. MITCHELL. No; nobody ever knew.

Mr. KEARFUL. Then, as I understand you, practically all of the issues of paper money by Carranza and his generals, and afterwards by the Carranza government, were all repudiated and became absolutely valueless?

Mr. MITCHELL. Yes; with the exception of the infalsificable.

Mr. KEARFUL. Well, that issue finally became worthless, did it not?

Mr. MITCHELL. It became worthless to the public holding it, but the government, in a spirit of generosity and with the object of withdrawing same from the public, as they stated in the newspapers, promulgated a law obliging taxpayers and customs payers to give 1 peso infalsificable along with 1 peso of Mexican gold on the sums they were paying. They did not, however, reduce in the least the amount of the taxes they had placed as being payable in gold and silver. On the contrary, they seemed to have increased same with the object of withdrawing more of this issue.

Mr. KEARFUL. Upon what class of the people of Mexico did the burden of this repudiation of currency fall?

Mr. MITCHELL. The working classes.

Mr. KEARFUL. How about the small merchants? Did it fall more heavily on them than on the large operators?

Mr. MITCHELL. The minute I say the working class, that is the great part of the population of the country. The small merchant also was heavily oppressed, because he, receiving this paper in good faith in payment for his merchandise, had to accumulate a certain amount before he could purchase exchange to send to get more merchandise, and when the currency was repudiated he was caught with that money, finding his stock depleted and unable to replace it.

Mr. KEARFUL. Did people have to accept this money? This acceptance was enforced as legal tender for all debts, was it not?

Mr. MITCHELL. The acceptance of this money was enforced as legal tender by decrees or laws, and anyone refusing to receive same in payment of debts, even although they could prove that they had given actual gold or silver in the ratio mentioned at the commencement of this deposition, they had to accept the different currencies or suffer the consequence of going to jail and being heavily fined.

Mr. KEARFUL. And the fines that were levied, were they payable in the same currency?

Mr. MITCHELL. No.

Mr. KEARFUL. They had to be paid in gold or silver?

Mr. MITCHELL. All fines that the deponent knows about were demanded in gold or silver, the officials of the Carranza government in charge of imposing those fines and collecting same laughingly remarking that in collecting fines they required "real money."

Mr. KEARFUL. Was your bank forced to take this money?

Mr. MITCHELL. Yes; heavily.

Mr. KEARFUL. What resistance did you make to it and what occurred when you resisted?

Mr. MITCHELL. The officers of the bank with which I was connected in many cases refused to receive the paper money mentioned and, therefore, had to suffer fines, and on one occasion, in June, 1916, the whole of the board of directors and the principal management of the bank were put in the penitentiary and kept there for five days.

Mr. KEARFUL. Were you acquainted with a German bank in Mexico City at that time?

Mr. MITCHELL. Yes.

Mr. KEARFUL. What was the name of that bank?

Mr. MITCHELL. Sud Americanische Bank.

Mr. KEARFUL. Was that a branch of a banking establishment in Berlin?

Mr. MITCHELL. Yes; the Sud Americanische.

Mr. KEARFUL. Did this bank enjoy any privileges that were withheld from the other banks in these transactions?

Mr. MITCHELL. Yes; this bank in a great many cases was utilized by the finance department of the Carranza government for the purpose of buying back at a lower rate of exchange, from  $2\frac{1}{4}$  to 4 cents, the issue of infalsificables which had been made at the ration of 10 cents American currency in July, 1916. They were also utilized in a transaction to endeavor to get arms and munitions from Chile when the United States Government refused to allow the arms to enter Mexico, and it is a matter of record that with this objection at one time they had \$300,000 of United States currency deposited with them.

Mr. KEARFUL. What became of the reserves of gold and silver that were held by the banks of issue?

Mr. MITCHELL. After the Carranza government decreed, September, 1916, that the charters of the banks of issue were nullified and that a committee from the government would enter said banks with the idea of liquidating same and preserving the gold and silver to pay off the obligations of the banks, orders were given these government committees to deliver the funds to the national treasury where said reserves were utilized in paying troops and other governmental expenses, this being commonly or vulgarly called looting.

Mr. KEARFUL. That is known as the looting of the banks in Mexico?

Mr. MITCHELL. Yes.

Mr. KEARFUL. Did this committee undertake to make collections of the assets of these banks?

Mr. MITCHELL. Yes; to be able to liquidate the banks they had to collect the assets of said banks, which consisted in amounts due to the various institutions by their debtors for short-time or long-time loans and as the funds were received from the debtors of the banks the same were taken to the treasury of the nation and utilized for the purposes mentioned above. In fact, the deponent knows that in a great many cases during this liquidation and to permit a liquidating

committee to get the cash quicker, even the furniture of various banks was sold to the highest bidder, and to his knowledge in a great many cases the highest bidders were employees of the Government and the money thus obtained was used for the purposes mentioned above.

Mr. KEARFUL. These collections were also made in foreign countries, were they not, or attempted to be made?

Mr. MITCHELL. They have not been attempted so far.

Mr. KEARFUL. Have they attempted it here in New York?

Mr. MITCHELL. An attempt has been made in New York since October or November, 1917.

Mr. KEARFUL. Is there a lawsuit now pending in regard to that?

Mr. MITCHELL. There is a lawsuit pending in the courts of New York City for the funds of the Bank of London and Mexico, which were deposited with the Bank of British North America, which was amalgamated with the Bank of Montreal in 1918; but so far, in spite of the representative of the Mexican Government having put an attachment on said funds, he has not got a court decision.

Mr. KEARFUL. What would be the attitude of this Government and the courts of this Government if the Mexican officials should be permitted to recover the assets of the Bank of London in Mexico City?

Mr. MITCHELL. I am not a competent international lawyer to take up this point, but judging things by common sense and by a sense of equity I consider that if the courts of the United States permit such a thing other nations whose subjects are owners of the shares of banks in Mexico would have a good right to claim on the Government of the United States or on the courts of the same that the amounts which they had allowed to be delivered over in this manner should be returned to the legal owners, namely, the shareholders of the banks thus despoiled.

Mr. KEARFUL. Would you regard such action on the part of the courts of this Nation as making those courts party to the looting of the banks?

Mr. MITCHELL. As stated before, from common sense and a sense of equity I should say so.

Mr. KEARFUL. Who was the Mexican minister of finance at the time of the looting of the banks?

Mr. MITCHELL. The minister of finance was Mr. Luis Cabrera, who at various times was absent either with troops or with Mr. Carranza to other points of the Republic or on missions for the Carranza Government, such as the one which he made to the Argentine Republic to the celebrated convention which was held there during the summer of 1918.

Mr. KEARFUL. And who acted in his absence?

Mr. MITCHELL. During his absence Mr. Rafael Nieto, subsecretary of finance, held the title acting minister of finance.

Mr. KEARFUL. At the time of these occurrences did you have any conversation with Luis Cabrera about the injustice of it?

Mr. MITCHELL. Yes.

Mr. KEARFUL. State what he said.

Mr. MITCHELL. In May, 1917, I had a conversation with Mr. Cabrera in the presence of Mr. Nieto and pointed out the fact that the orders of his department were absolutely against the letter of

the laws signed by Mr. Carranza in regard to conserving the reserves of gold and silver in the banks for the benefit of the creditors, and he cynically replied that "Necessity knows no law and we need the money."

Mr. KEARFUL. Has anything ever been paid by the Carranza Government out of these reserves and moneys collected to the creditors of the banks or its depositors?

Mr. MITCHELL. No.

Mr. KEARFUL. Or its stockholders?

Mr. MITCHELL. Nothing has been paid by them.

Mr. KEARFUL. What has become of the money?

Mr. MITCHELL. As I stated before, it was used to pay troops and other governmental expenses.

Mr. KEARFUL. Do you know whether all of it was used for that purpose?

Mr. MITCHELL. No; I am certain that it was not, because in a great many cases I know that the soldiers had not been paid for months, even at the time the Government was taking enormous amounts out of the vaults of the different banks daily. It was also known that the city policemen were not paid at this time, and I many times have had to take pity on city policemen and give them a meal. School teachers were not paid by it, and by information deponent had from employees even the finance minister's department were often from 15 to 30 days behind in the pay.

Mr. KEARFUL. Do you have any reason to believe that the officials of the Government and the generals and other military officers personally benefited from this money?

Mr. MITCHELL. Yes; and not only am I sure that the generals and other subordinate military officers enjoyed part of this money, but my information, which can be verified from the State Department, is that Mrs. Carranza, the wife of the President, crossed the frontier at Laredo, Tex., with nine cases of gold and silver in October, 1916.

Mr. KEARFUL. Who in Washington can verify this information?

Mr. MITCHELL. Mr. Franklin K. Lane, Secretary of the Interior, who was president of the delegation which treated with the Mexican delegation in Atlantic City and other points in the fall of 1916, has this information, and I understand that he even got that information by telegraph from the inspector of customs in Laredo while he was treating with the Mexican delegates.

Mr. KEARFUL. Is there any other means of checking up that information that you know of?

Mr. MITCHELL. As the deponent during his business career in Mexico had to keep in close touch with officials of the Mexican Government, who were many times owing him favors, he got the first intimation of these cases arriving in New Laredo, on the Mexican side, and made it his special business while passing through Laredo in December, 1916, to investigate to find out whether the information which the Mexican officials had given him (semiofficially) was correct, and was thus able to find out to whom the American officials had reported.

Mr. KEARFUL. Have you heard of the project of the present Mexican Government to establish a single bank of issue with metallic reserves?

Mr. MITCHELL. Yes; I read of the project.

Mr. KEARFUL. What do you consider the condition upon which the success of that project depends?

Mr. MITCHELL. The only condition upon which that project can succeed is that some foreign institution, more especially one in the United States, where the project has been presented on two or three occasions, should furnish the gold and silver to back the project. So far the Mexican Government has been unable to secure the help of any such foreign institution, and for this reason the bank is not in operation.

Mr. KEARFUL. What is the feeling of New York bankers in regard to lending money to the Carranza Government?

Mr. MITCHELL. In conversations which I have had with various bankers in this city they object and refuse point-blank to lend money to a "bunch of bandits." Another reason why they naturally would not care to give money, which in most all cases has been intrusted to them by the American public, is because up to date they have had no protection nor do they feel that even although they should care to give money to help this struggling nation of Mexico their generosity would have to be upheld in Washington.

Mr. KEARFUL. What sort of protection is it that they would demand before lending money to any Mexican Government at this time?

Mr. MITCHELL. The deponent considers that any group of financiers who were willing to help the Mexican Nation in reconstruction by lending them money would demand primarily that their Government would back them up in asking for a just recompense for the money they should invest, and, secondly, that the financial operations of the Mexican Government to which they would lend this money should be handled by a body of reputable and capable men.

Mr. KEARFUL. What do you mean by that last expression: reputable and capable men?

Mr. MITCHELL. Personally I believe that the handling of funds given to a nation like this should be controlled by foreigners and that any financial group that should agree to advance funds to the Mexican Government would be within their rights in dictating terms that the income and expenditures should pass them, as I believe that if such procedure was established in Mexico as has been done in other countries in which the United States and other nations have intervened there would be no need for any military intervention if the government in the country mentioned knew that their only chance of safety to be allowed to work out their own salvation would be to accept this kind of intervention instead of military intervention.

(Thereupon, at 6 o'clock p. m., on the 1st day of November, 1919, an adjournment was taken until Tuesday, November 4, 1919, at 10 o'clock a. m.)

# INVESTIGATION OF MEXICAN AFFAIRS.

TUESDAY, NOVEMBER 4, 1919.

UNITED STATES SENATE,  
SUBCOMMITTEE ON FOREIGN RELATIONS,  
*New York City.*

(The following testimony was taken at New York City, November 4, 1919, by Francis J. Kearful, in pursuance of an order of the subcommittee of the Committee on Foreign Relations of the Senate:)

## STATEMENT OF MR. WILLIAM BAIN MITCHELL—Continued.

Mr. KEARFUL. Referring to your last statement on Saturday, assuming that a financial arrangement such as you mentioned should be made with the Carranza Government and afterwards, and perhaps because of it, Carranza should be overthrown by some other chief or group of military leaders who should repudiate the arrangement, what recourse would the financial men have in that event?

Mr. MITCHELL. The recourse the financial men would have in that event would be to get the protection from the Government they would naturally have arranged before they put their money into that country.

Mr. KEARFUL. You mean protection from their own Government?

Mr. MITCHELL. Their own Government.

Mr. KEARFUL. What direction would that protection take, in your opinion?

Mr. MITCHELL. If the new group of revolutionists would not listen to reason, as I am certain they would if they knew any nation that was backing up the financial group meant to force recognition of the arrangement which had been made by an established Government, recognized by the United States, then the nation from which said financiers come would have to, if necessary, back up the claim as is usually done, with arms.

Although this would apparently be armed intervention it would not in anywise mean acquisition of territory but only giving protection to vested interests, which every civilized nation does when its subjects in good faith have advanced money with the object of reconstructing a country which has been in chaos for a good many years.

Mr. KEARFUL. Have you any knowledge of a class of Mexicans who would be in favor of such an arrangement and of such more or less peaceful intervention?

Mr. MITCHELL. In conversations I have had with a great many Mexicans who look to the good of their country they have all expressed the opinion that this would be one of the best methods of settling the trouble and allowing them to again get back to work to develop their country, which has been impossible for about seven years.

Mr. KEARFUL. Is there any feeling among them that this would be the only salvation for Mexico?

Mr. MITCHELL. A great many Mexicans with whom I have talked softly admit that they are afraid that if something is not done in the way I suggest, finally armed intervention will come in Mexico, and said armed intervention will remain for a number of years.

Mr. KEARFUL. What class of Mexicans do you refer to as entertaining those views?

Mr. MITCHELL. Educated Mexicans.

Mr. KEARFUL. Military men?

Mr. MITCHELL. In some cases, yes.

Mr. KEARFUL. What is the general view of the military men with respect to the pacifying of Mexico or the desirability of pacifying Mexico?

Mr. MITCHELL. Which military men do you mean?

Mr. KEARFUL. I mean the supporters of Carranza.

Mr. MITCHELL. My personal opinion is that the majority of military men that have supported Carranza and are still supporting him do not wish the state of turmoil to cease, because if such happened a great part of their income would stop, as is known and has even been pointed out in the newspapers that back up or are in favor of Mr. Carranza.

Mr. KEARFUL. You mean the Mexican newspapers?

Mr. MITCHELL. I mean the Mexican newspapers that back up and favor him.

Mr. KEARFUL. Have you heard any expressions from such military men to that effect?

Mr. MITCHELL. Traveling in a Pullman car from Mexico City to Laredo, Tex., I heard two military men express this opinion, one of said military men being on his way to Tampico.

Mr. KEARFUL. In a statement made and signed by you on July 22, 1919, and placed in the record of the hearing before the Committee on Rules of the House of Representatives you stated in reference to this point that you would "like to give the committee some instances of thievery and graft on the part of Carranza's generals and other government officials that have come within my personal knowledge to support this statement." Can you now give some instances of such thievery and graft?

Mr. MITCHELL. Yes. Gen. Murguia, who was and still is one of the generals commanding in the north, had or took possession of all the trains in the district where he was operating, and when any of the farmers in the district where he was operating wished to move their crop to any of the towns or cities where they could realize on same they had to apply to him for empty cars, which he supplied to them at so much per car, he afterwards collecting the freight rate or applying a freight rate which he considered suitable. And it is a well-known fact that neither this freight rate nor the premium for the car was ever turned into the railroad treasury.



It is also well known that Gen. Dieguez, who was for a time governor in Jalisco and is now operating in the north, was asked for protection by a rancher in whose district he was operating and Gen. Dieguez replied that it was impossible for him to protect this man's crops, but he would buy the crops at a figure about one-third of the value. The rancher at first refused to accept such an offer, pointing out that it meant ruin for him, but on finding that his crops were being lifted by armed men during the night, which armed men he knew were of Diegues's troops, he accepted the offer and Gen. Dieguez had the crops lifted in a very short time by his soldiers and taken away and realized on at very high prices.

There are many more instances of this kind, as I am certain other men who are giving evidence have brought to the notice of the investigating committee.

Gen. Obregon got the privilege from Carranza to be the only exporter of garbanzo (chick pea) from the west coast. The garbanzo crop is a staple article of food in Spain and Cuba and exported to those countries from Mexico. The result of this was that he was able to buy up the crops from the growers at ridiculously low prices, seeing that they were unable to export it, nor could they realize on same in any great extent in the country, the result being that with this privilege or concession he was supposed to have made from a million to a million and a half profit within the last 18 months.

Gen. Pablo Gonzales, associated with other military men, rented from the Comision de Bienes Intervenidos (The Commission for properties of Opponents of the Government taken over and held by the Government) the properties belonging to the Compania Agricola de Xico, said company practically belonging to a wealthy Spaniard by the name of Inigo Noriega, who was a refugee in the United States for a great many years, whose only fault was that he was a great friend of Porfirio Diaz and of many of the leading politicians and judges during the Diaz régime, the supposed rental being 30,000 pesos. The properties referred to usually were able to raise from 80,000 to 100,000 hectolitros of corn (a hectolitro being equivalent to 2.8 bushels). Said crop in normal times would be sold at 10 pesos or \$5 United States currency per hectolitro.

One of the men who was associated with Gen. Gonzales told the deponent that he thought Gen. Gonzales and his associates would make half a million dollars profit, more especially as the price of corn, owing to scarcity in the Republic of Mexico, had increased to an abnormal figures, even although hundreds of carloads of said cereal were bought in the United States and taken in to help to supply the needs of the working public in Mexico, as the working classes in said country practically live on the bread made from corn.

MR. KEARFUL. Do you know John Lind?

MR. MITCHELL. I met Mr. Lind when he was in Mexico.

MR. KEARFUL. He was the personal representative of President Wilson who was sent there to investigate conditions during the Huerta régime.

MR. MITCHELL. Yes.

MR. KEARFUL. In a pamphlet published by Mr. Lind in December, 1914, on page 22, he makes this statement with reference to the improved prospects of Mexico under Carranza: "The indications are

promising. The discipline and restraint shown by the victorious constitutional armies and their chiefs were most creditable and encouraging." When was it that the "victorious constitutional armies" entered Mexico City?

Mr. MITCHELL. The first of the Carranza troops entered Mexico City on the 14th day of August, 1914, headed by Gen. Alvaro Obregon, and Mr. Carranza followed into the city a week later.

Mr. KEARFUL. Were you there at that time?

Mr. MITCHELL. I was.

Mr. KEARFUL. Did you have occasion to observe the "discipline and restraint shown by the victorious constitutionalist armies and their chiefs," and what have you to say in regard to the statement that it was "most creditable and encouraging"?

Mr. MITCHELL. As I was present in Mexico City at that time I have to contradict Mr. John Lind in his statement, because practically on the day that the victorious troops entered, the generals in charge of same commenced to occupy dwellings of private individuals, in many cases ordering men to leave so that they could take possession.

This statement I make can be borne out by the report that Mr. Paul Fuller, who was also sent down by Mr. Wilson, made, because he was present in the house of some old Mexican friends when some of the Carranza troops came and ordered those friends out of their own house at midnight.

Gen. Obregon himself occupied the house of Mrs. Braniff, one of the most stately and luxurious houses on the principal avenue of Mexico City, namely, Paseo de la Reforma.

Mr. KEARFUL. Gen. Obregon was in command of the first detachment that entered the city?

Mr. MITCHELL. Yes.

Mr. KEARFUL. What became of the contents of the houses that were occupied by these military officers?

Mr. MITCHELL. In a great many cases the contents of those houses were destroyed or carted away by the military men occupying the houses. The wines which the owners of the houses had in their cellars were consumed in nightly orgies, and in some cases which I had the opportunity to observe expensive wines were offered in the streets by soldiers at one peso a bottle of champagne. I had that offered me twice at Café Bach by a man on horseback when I was accompanied by friends.

Mr. KEARFUL. Have you any idea how many houses were thus occupied and looted?

Mr. MITCHELL. About a dozen houses.

Mr. KEARFUL. About a dozen.

Mr. MITCHELL. Yes; among this number being those of Creel. Casassus (two ex-ambassadors to the United States in the Diaz régime), Garcia Requena, both of the houses of the Limantours, the ex-minister of finance under Diaz, and the house of the widow of his brother Julio Limantour, the house of de la Torre, son-in-law of the ex-President Porfirio Diaz, the house of Rincon Gallardo, the chief of Rurales under Porfirio Diaz, who was also with Huerta, and other houses the names of which deponent does not remember.

Mr. KEARFUL. Do you recall the house of Pedro Lascurain, Minister of Foreign Relations in the Madero cabinet?

Mr. MITCHELL. Yes; I remember the house, and that it was occupied by Mrs. Sara P. de Madero, who was ordered out by Gen. Carranza. I do not know who occupied the house after that; but it was later returned to Lascurain, and I understand is not occupied at the present time.

Mr. KEARFUL. What about the taking of automobiles and horses at that time by the military officers?

Mr. MITCHELL. In addition to occupying the houses the military officers, not only generals, but even captains, commandeered automobiles and horses belonging to private individuals, not only of Mexicans but also of foreigners, the deponent having had his automobile commandeered twice, but was able to recover it.

Mr. KEARFUL. You say "commandeered." Does that mean in the majority of cases that they paid for them or accounted for them?

Mr. MITCHELL. They did not pay for them or account for them; nor should I really apply the word "commandeered," because that is only used in legitimate warfare.

Mr. KEARFUL. Then they simply took them.

Mr. MITCHELL. It is a polite way of saying they stole them. The horses of a great many British subjects were stolen and they made complaint to the Chargé d'Affaires in charge of the British Legation, who used every effort to have said horses returned, and even although he got written orders from Carranza to have said horses returned, the military officers who were holding said horses refused pointblank to deliver them, and in many cases used very derogatory language towards their chief for having issued such an order.

Mr. KEARFUL. In a book entitled "Intervention in Mexico," recently published by Samuel Guy Inman, on page 79 it is said:

Encouraging progress has been made. The forward-looking young men who are engaged in rebuilding the nation along modern lines, although often mistaken in judgment, are working with enthusiasm and devotion to solve Mexico's problems.

What information have you with reference to the correctness of that statement, and what is your opinion about it?

Mr. MITCHELL. Personally, I have not seen anything done for the reconstruction of the country. Until the time I left it in September, 1917, and during a visit of five weeks, made by me in June and July of 1918, I did not see any reconstruction, and I think Mr. Inman has been led away to make such a statement by reading the theories which a great many Mexicans outline in the Mexican newspapers; but theories are quite different from actions.

Mr. KEARFUL. What is your opinion as to what the young men of the military régime that supports Carranza are looking forward to? He called them "forward-looking young men."

Mr. MITCHELL. In conversations which I have had with a few of the younger element in the military class, who practically were students at college when they were induced to join the revolution, I have found a few of them who entered the revolution with the belief that their country would be improved, but after a few years in the service of Carranza they found that their Utopian dreams could not be brought into play.

Mr. KEARFUL. Mr. Inman also says in his book, on page 170: "I have never been able to understand how some people have maintained that Carranza was plotting a rebellion against Madero, for there was certainly no evidence of it in those days. He retained his loyalty to his chief up until the death of the latter."

What, if anything, do you know about the matter of Carranza plotting a rebellion against Madero?

Mr. MITCHELL. Toward the end of January, 1913, the deponent had to visit the office of the Finance Minister of Mexico during the régime of Madero, said Finance Minister, being Ernesto Madero, uncle of the president, and said Finance Minister told the deponent that Carranza, who was at that time governor of the State of Coahuila, had been requested to account for large sums of money which he had received with the object of establishing state troops, but had not, however, got the troops, although the money had been spent, and on an urgent demand for an accounting being sent to him, he had sent a telegram, which the Finance Minister had just received, threatening to go out in revolt if they insisted on such an accounting, and the Finance Minister, Ernesto Madero, said: "We will have to put this man out of office and see that he is punished if he does not return the money," which apparently he had misspent. The Felix Diaz uprising saved Mr. Carranza in this case, as said uprising started on the 9th day of February, 1913; less than two weeks after the interview mentioned.

Mr. KEARFUL. Did you have any conversation with the Minister of Fomento in Huerta's cabinet with respect to Carranza after the accession of Huerta?

Mr. MITCHELL. Yes.

Mr. KEARFUL. Will you please state what occurred at that time, giving the name of the Minister of Fomento?

Mr. MITCHELL. One evening while the deponent was at home entertaining some friends, about 10 o'clock at night, a rush message was brought to him from the office of the bank informing him that Carranza had started a revolution in Saltillo, and had made a prisoner of the agent of the bank in said city, said agent having been able to get a telegram through before the wires were cut to inform the bank that Carranza demanded \$50,000 from the bank as ransom. Deponent immediately went out to look for some of the ministers of Huerta's cabinet and was fortunate enough to find Robles Gil, Minister of Fomento, and on showing the telegram which he had to said cabinet minister the latter endeavored to get into communication with President Huerta, but was unable to catch him by telephone. However, he was able to talk with Alberto Garcia Granados, Minister of Gobernacion (Minister of the Interior), and the latter expressed his surprise that such a thing could have happened in view of the fact that he had received a message of loyalty to the Huerta Government from Carranza.

Mr. KEARFUL. In Governor Lind's pamphlet before referred to on page 25 he makes the following statement:

"You have heard a great deal about the hostility of the Mexicans against everything American. I found no such hostility except amongst the class who support Huerta."

What have you to say from your observation as to the correctness of this statement about the only hostility which existed being

amongst the class who supported Huerta? How about Huerta himself?

Mr. MITCHELL. Beginning with Huerta himself I may state that in various conferences at which I was present Huerta expressed himself as very sorry that he was not recognized by the United States Government, and often stated that if he had such a recognition through which he would be able to ask the United States to stop the supply of arms to the Carranza revolutionists he would be able to stamp out the revolution. He, therefore, recognized that the United States was the Nation that he required to be friendly to him. Many of his adherents also expressed themselves that it was a great pity that they should not have this recognition, as they recognized the fact that it would be well for two neighboring countries to live in amity.

Mr. KEARFUL. In the case of Huerta and his supporters did they show a hostile or a friendly attitude toward Americans?

Mr. MITCHELL. Until the landing of the troops in Vera Cruz on the 21st day of April, 1914, they showed friendship in every way, but on this event happening they considered this an aggression, and the result was that Americans did not have a very nice time, so much so that hundreds had to leave the city on special trains under the protection of flags of other nations. Propaganda also started in all the Mexican newspapers against Americans and everything American, some of the articles in said newspapers being scurrilous.

Mr. KEARFUL. In Mr. Inman's book on page 147 he gives as an instance of hostility to Americans "the general order which Huerta gave at the time of our taking Vera Cruz to have all Americans in Mexico arrested. Many outstanding Americans, including our consular officers, were thrown into jail and kept there until released by Carranza authorities."

Is that a true statement or not?

Mr. MITCHELL. That is an absolutely false statement and the falsity of the same can be proved by the records in Washington, as the deponent never heard of any of the American consular officers being thrown into jail, unless it happened in some remote part of the Republic from which news was not received for months and in some cases years.

Mr. KEARFUL. At the time of the taking of Vera Cruz you remember that there was a good deal of excitement and rioters marching in the streets of Mexico City?

Mr. MITCHELL. There was, and attacks on some American stores.

Mr. KEARFUL. Do you remember whether or not Huerta, even under the provocation of the taking of Vera Cruz, took any steps to protect Americans in Mexico City from riotous mobs?

Mr. MITCHELL. I can not say that Huerta personally took the steps, but the governor of the federal district whom Huerta had forced into this position did take steps, and it is a well-known fact that during an attack on an American drug store the governor of the federal district went personally in his automobile, accompanied by one of his aids, and faced the riotous mob with his pistol in his hand, threatening that if any of them should take a step farther in the attack on this American store he would shoot. This action prac-

tically stamped out the rioting which had been going on for two or three days.

Mr. KEARFUL. Did you know of any Americans who were arrested and kept in jail at that time by the Huerta authorities?

Mr. MITCHELL. No; I do not know of any American in Mexico City who was arrested for being an American. Some may have been arrested for committing a breach of the peace, as has happened occasionally not only with Americans but with citizens of other countries.

Mr. KEARFUL. There was no general order then for the arrest of any Americans as such?

Mr. MITCHELL. I heard of none. The only time I knew of a great many Americans being arrested was after Carranza came in and gave them "article 33."

Mr. KEARFUL. What do you mean by giving them "article 33"?

Mr. MITCHELL. In the constitution of Mexico there is an article 33, which allows the President of said Republic to expel pernicious foreigners without any legal trial. The foreigners thus have no chance to defend themselves.

Mr. KEARFUL. This expulsion of foreigners under article 33 was not purely discretionary with the President under the constitution of 1857, was it? It was put solely at his discretion by the constitution of 1917?

Mr. MITCHELL. Yes.

Mr. KEARFUL. But under the constitution of 1857 they were supposed to have the right to resort to legal proceedings?

Mr. MITCHELL. Yes; but as the Carranza Government declared themselves preconstitutionalists they nullified this and used the terms of the 1917 constitution before it was established.

Mr. KEARFUL. One of the reasons given by Mr. Inman in his book for the hostility that does exist among some Mexicans toward Americans is that the Mexican people have been exploited by foreign capital, especially American capital, for their own benefit and to the detriment of the Mexican people. What can you say about the fact as to whether foreign capital, and especially American capital, has been a detriment or a benefit to Mexico and the Mexican people?

Mr. MITCHELL. I would have to deliberately contradict the statement Mr. Inman makes, because it is a well-known fact, and you will find Mexican workmen in mines and other industries which are operated by foreign capital, that they prefer to work for the foreigner, because they are better treated and get better pay than they get from their own people.

Mr. KEARFUL. Does this apply especially to mines?

Mr. MITCHELL. This not only applies to mines but industries and ranches, and also to the servants in the different households.

Mr. KEARFUL. Is that true of Americans as well as other foreigners?

Mr. MITCHELL. Is it true of Americans as well as of other foreigners? So much so that the Mexicans who employed servants often would complain that the Americans paid the servants far too much money and gave them too much liberty.

Mr. KEARFUL. What about the general benefit or detriment to the whole country through the operations of foreign capital in Mexico?

**Mr. MITCHELL.** The presidents previous to Carranza recognized that their country could never be built up unless they could get foreign capital, and for this reason they were extending all kinds of hospitality to investors in Mexico, and concessions, but the said concessions were never monopolies, as has been believed by a great many people in the United States. The need of foreign capital is even recognized by Carranza, who has applied for same on two or three occasions, and has been refused same so far because he wishes to get the capital to fritter away as he has done all the other money that has come into his and his government's hands, without taking any step to pay even the interest on the amounts already invested in said country, their exterior debt, the railroads, etc.

**Mr. KEARFUL.** What was the condition of the credit of Mexico in reference to its foreign securities during the latter days of Porfirio Diaz?

**Mr. MITCHELL.** The credit of Mexico was considered about the highest of any Latin-American country, so much so that bonds of the exterior debt were selling in the stock exchanges of London and Paris at a premium of about 5 to 6 per cent.

**Mr. KEARFUL.** What interest did the bonds draw?

**Mr. MITCHELL.** The bonds referred to were 5 per cent, and in 1910, before the Madero revolution commenced, Mr. Limantour, who was then finance minister, was in Europe arranging a conversion of said debt to 4 per cent only, and had been successful in arranging for part of this, the financiers in said countries apparently recognizing the credit of the country as so good that they could lower the rate of interest.

**Mr. KEARFUL.** What amount of cash was left in the Mexican treasury when Porfirio Diaz fell?

**Mr. MITCHELL.** According to the statement published in the *Diario Oficial* (the government official daily), Mr. Ernesto Madero, the minister of finance for the Madero government, received from Mr. Limantour, the outgoing minister for the Diaz government, 63,000,000 pesos, and I have no doubt but that a copy of said official paper could be got showing this statement.

**Mr. KEARFUL.** During the Madero administration was any further Mexican loan secured?

**Mr. MITCHELL.** Yes; there was a sum of twenty millions received and the congress of the Madero government had voted for a further loan of £20,000,000 or 200,000,000 pesos, but said amount had not been got at the time the Madero government fell, and Huerta, with the authorization given by the congress mentioned, made arrangements and was able to float the first £6,000,000 through a group of French bankers who came to Mexico City specially with this object, said group having an option on the other £14,000,000 for a certain period.

**Mr. KEARFUL.** What was the security for this loan?

**Mr. MITCHELL.** The security for this loan was 38 per cent of the customs-house receipts, the other 62 per cent already being pledged for the loans which had been got during the Diaz and other administrations.

**Mr. KEARFUL.** How much, if any, money was left in the treasury by the Madero administration?

Mr. MITCHELL. Two or three hundred thousand pesos, as stated also in the official newspapers.

Mr. KEARFUL. Were there any extensive public works in progress at the time of the fall of Porfirio Diaz?

Mr. MITCHELL. Yes; there was the legislative palace and the national theater.

Mr. KEARFUL. What were the conditions of those buildings?

Mr. MITCHELL. The legislative palace had been so far constructed that all the steel work had been set up, and the national theater had been so far built of marble that all that was wanted was roofing, ornamentation, etc., and even the work had gone so far ahead that a celebrated curtain was bought at Tiffany's, New York, and installed.

Mr. KEARFUL. Was anything further done toward the completion of these works after the accession of Madero?

Mr. MITCHELL. Yes; during the Madero Government a further sum was voted to go on with the work and same was continued for a certain length of time.

Mr. KEARFUL. Were these works completed?

Mr. MITCHELL. They have never been completed and I understand that lately an order was given to take even the steel girders, beams, etc., away from the legislative palace so that they might be sold before they had been worn away by rust or oxidation.

Mr. KEARFUL. Have any extensive public works in Mexico been prosecuted since the time of Porfirio Diaz?

Mr. MITCHELL. Practically none.

Mr. KEARFUL. What about the public works that were constructed during the time of Diaz?

Mr. MITCHELL. There were schools, colleges, asylums for insane and for the poor, custom-house buildings, port works, and the big drainage canal through the Valley of Mexico which takes away the flood waters and the sewage from the City of Mexico, a good sewage system having been installed also between 1896 and 1899 by a French firm of contractors. In addition, during the Diaz régime most of the railroads were built.

Mr. KEARFUL. Then, as I understand you, nothing of that kind has been prosecuted since the time of Diaz?

Mr. MITCHELL. No.

Mr. KEARFUL. And what about the condition of the railroads?

Mr. MITCHELL. In what way?

Mr. KEARFUL. About their being kept up or allowed to deteriorate?

Mr. MITCHELL. The railroads all over the Republic of Mexico have deteriorated. So much so that part of the Central Railroad, which was lifted during the revolution, has never been replaced. Bridges also were destroyed, and although temporary ones have been set up to allow traffic, mostly of military trains, to pass, nothing substantial has been built. The rolling stock also has deteriorated and requires renewal, as can be seen by the article written by Mr. Middleton.

Mr. KEARFUL. In Governor Lind's book, before referred to, on page 28, he makes a prediction—this was in December, 1914—he says: "I predict that Mexico will take iron and steel products alone during the ensuing calendar year for more than \$1,000,000." Has that prediction been realized? He was referring to the rehabilitation of the railroads.



Mr. MITCHELL. No; it has not been realized for more reasons than one, the principal reason being that the country has not been sufficiently subdued to allow of the rebuilding of railroads, nor has the Carranza Government ever had the funds to dedicate even one-fourth of this amount to such work, the funds which they have been able to acquire, by fair means or foul, having gone for the governmental expenses to which I referred previously.

Mr. KEARFUL. Mr. Inman in his book on page 136 gives another source of prejudice against Americans to be "the number of Americans who are living in Mexico because they could not live in the United States. We have had a great many Americans who could not explain why they were in Mexico." Do you think that is a fair characterization of Americans generally who have been doing business in Mexico?

Mr. MITCHELL. No; I do not, because the majority of the Americans that you find, not only in the City of Mexico but also all over the Republic of Mexico, are men who were enticed to go to that country to hold better positions than they were holding in their own country, and in a great many cases those Americans who entered the country referred to went as pioneers with the object of establishing American trade, and in a great many cases with the object of educating the people of Mexico. Apparently Mr. Inman got fooled by the joke that the men used to have around the clubs when "kidding" an acquaintance by asking him "what was your name on the other side of the Rio Grande?"

Mr. KEARFUL. How does the character of the Americans doing business in Mexico as you knew them compare with that of Americans in the United States? Are they as good or better, or worse?

Mr. MITCHELL. Among a great many Americans that I met in Mexico I found a great many well educated, energetic business men who would have done as well in business, and perhaps better, in the United States where they would have had real practical workmen, but they preferred in a great many cases to stay on in Mexico to finish the task which they had commenced, namely, to endeavor to show that they could educate Mexican workmen to the stage that they could be as thoroughly depended on as the workmen of the United States.

Mr. KEARFUL. As to the character of these Americans, how does that compare with the character of Americans in this country?

Mr. MITCHELL. It compares favorably, because even although a few untrustworthy Americans were to be found, the majority of the Americans should not be classified with such, because in all countries you will always find a few ne'er-do-wells, and a ne'er-do-well is usually a floater. In fact, I think you will find a larger proportion of the ne'er-do-wells here in the United States than you will find in Mexico.

Mr. KEARFUL. Referring again to the fact that the Secretary of the Interior, Franklin K. Lane, had telegraphic information that certain cases of gold and silver had been passed over the border by Mrs. Carranza, did you hear Secretary Lane make any comments about that and related transactions subsequently in Washington?

Mr. MITCHELL. I heard him state that he brought the fact up to Mr. Cabrera in the conferences which were being held between the delegations of the two nations and that Mr. Cabrera was very much

hurt at such an insinuation. He was even so much hurt that he had to request the conference to break up for 24 hours so that he could recover his equilibrium.

Mr. KEARFUL. Where did this statement by Secretary Lane occur?

Mr. MITCHELL. In his office.

Mr. KEARFUL. How are the main enterprises of Mexico established and conducted—mining, railroading, mercantile establishments, manufactories, etc.? Are they in the hands of foreigners or Mexicans as a rule?

Mr. MITCHELL. The majority of them are in the hands of foreigners.

Mr. KEARFUL. Is there any large establishment that is owned and controlled by Mexicans?

Mr. MITCHELL. Near Mexico City, yes; there is a shoe factory in Tacubaya which is controlled by Mr. Zetina.

Mr. KEARFUL. Do you know of any other large establishment of any kind?

Mr. MITCHELL. Very few. There are no large industries around Mexico City entirely controlled by Mexicans.

Mr. KEARFUL. Throughout the Republic of Mexico does that same thing hold good, with the exception of haciendas, so far as you know?

Mr. MITCHELL. Yes; the same holds good practically throughout the Republic.

Mr. KEARFUL. What is the principal business street of Mexico City?

Mr. MITCHELL. It is now Avenue Francisco I. Madero.

Mr. KEARFUL. Formerly San Francisco Avenue?

Mr. MITCHELL. Formerly San Francisco Avenue.

Mr. KEARFUL. Is there any large substantial business establishment throughout that entire street that is managed entirely by Mexicans?

Mr. MITCHELL. No; there is not.

Mr. KEARFUL. You have here reports by the board of directors of the Banco de Londres y Mexico in Spanish. Do you have any objection to leaving that with the committee?

Mr. MITCHELL. No.

Mr. KEARFUL. Or to the insertion in the record of any portions of it?

Mr. MITCHELL. No; and I will endeavor to get a copy of this in English, as translations were made, of which translations I received a number of copies and distributed them.

Mr. KEARFUL. Is there any other fact in connection with this investigation that has not been brought out which you think would be of interest to the committee that you would like to state?

Mr. MITCHELL. No; I think I have pretty well covered most of the points.

Mr. KEARFUL. I will suggest that there might be something in reference to German influence upon the Carranza Government.

Mr. MITCHELL. I think I covered this point before the committee in Washington.

Mr. KEARFUL. That was the Rules Committee of the House?

Mr. MITCHELL. Yes.

Mr. KEARFUL. You have no objection, then, to the testimony you gave there being used by the present investigating committee?

Mr. MITCHELL. None at all.

(The testimony referred to is here printed in full, as follows:)

STATEMENT OF MR. WILLIAM B. MITCHELL, OF NEW YORK CITY, BEFORE THE COMMITTEE ON RULES, HOUSE OF REPRESENTATIVES, TUESDAY, JULY 22, 1919.

The CHAIRMAN. Have you resided in Mexico?

Mr. MITCHELL. Twenty-one years.

The CHAIRMAN. What part of Mexico?

Mr. MITCHELL. Mexico City, Laredo, Torreon, and Durango.

The CHAIRMAN. What is your citizenship, Mr. Mitchell?

Mr. MITCHELL. British, sir.

The CHAIRMAN. Are you acquainted with the attitude of the Mexican people and the Government toward the Americans?

Mr. MITCHELL. Yes, sir; I saw enough of it through the different revolutions.

The CHAIRMAN. You lived there through—

Mr. MITCHELL. I lived there seven years during the revolutions.

The CHAIRMAN. When did you leave Mexico?

Mr. MITCHELL. In September, 1917, and since then I have been back, in July, 1918.

The CHAIRMAN. Tell the committee the attitude of the Mexican people and the Mexican authorities toward the Americans in Mexico City.

Mr. MITCHELL. Do you wish me to go back as far as the old President, sir—President Diaz's time—and commence from then?

The CHAIRMAN. From Diaz's time, and then on down.

Mr. MITCHELL. During the Diaz administration the Americans were always looked well on, so much so that a great many of the political opponents of President Diaz said that he favored the Americans too much. After he was upset the Madero régime treated them very well also. Everything went right until the 21st day of April, 1914, when the United States troops landed in Vera Cruz to stop a shipment of arms—which was never stopped—and also to insist on the honoring of the flag, which has never been given. At that time I saw the American flag torn down and trailed in the gutter. No American could go about with his flag on him. Special trains were taken out with Americans under the British flag. That is well known to the State Department. Four hundred and fifty Americans were taken out on one train. Things calmed down again until after the present Carranza government came in. From the time they came in they were anti-American, and I do not know whether it was for any special reason; but they took the American uniform to put on their type of soldier, because I heard this young gentleman saying that the Carranza officer had on an American uniform. The Mexican Army started to wear a uniform exactly like the American uniform. This was installed by Villa when he was fighting for Carranza, and I think he bought the first uniforms from the United States.

Mr. SNELL. You think, then, Mr. Mitchell, that the leader of this bandit crowd that the young man spoke of was a regular Mexican army officer in a regular uniform?

Mr. MITCHELL. A Carranzista.

Mr. SNELL. But appeared like a United States uniform?

Mr. MITCHELL. Absolutely. All the men in Mexico can tell you that when you go about and see the back of the uniform you would say, "There is an American soldier," until you look at the dirty face in it, and then you know it is not.

From the time Carranza came in it seemed to me that although he had obtained the support and recognition of the United States, instead of being grateful for such support and recognition he thought that the Americans were weak and he commenced in insult them. The records in your own newspapers and Mexican newspapers will show the insults he threw at the United States. After the United States went into the war it is a well-known fact that the Carranza people were pro-German; they catered to them. I saw it time and time again; I was there. In fact, I was present in the streets of Mexico when Ambassador Fletcher passed through to the installation of Mr. Carranza as President. Mr. Fletcher was insulted in the streets by a bunch there of the proletariat who hissed him. Along came the German minister and he got applauded. The same thing happened at the Chamber of Deputies. I was there. The reception that Mr. Fletcher got is well known in the State Department. He was practically insulted, and I would say even hissed by the deputies. The other man got a different reception. I have been told on very good authority that a great

many of the military officers working with Carranza, and even some members of his cabinet, received compensation from the German propaganda to keep up this seething anti-American feeling.

Mr. SNELL. Was it in a paper, that agitation?

Mr. MITCHELL. The agitation went on continually in two papers in Mexico, the *Democrata* and the *Pueblo*.

Mr. SNELL. Were both of those papers supporters of the Government?

Mr. MITCHELL. I understand they received so much a month from the treasury department, and if they did not receive it in cash they got paper which in a great many cases was imported from the United States.

Mr. SNELL. Is the *Pueblo* the official paper of the Government, do you know?

Mr. MITCHELL. No; I would call it semiofficial; they were both semiofficial.

Mr. SNELL. They are both semiofficial?

Mr. MITCHELL. They are both semiofficial; yes, sir.

Mr. SNELL. But you do not know whether either one of them was owned by the Government or not?

Mr. MITCHELL. They were not owned by the Government but by some officers of the Government, as happens down there. Each one gets his own paper, or two or three of them club together and they get it.

Mr. SNELL. But were they recognized as the official spokesmen for the Government?

Mr. MITCHELL. Yes.

Mr. SNELL. That is what I mean; they were recognized as the official spokesmen for the Government?

Mr. MITCHELL. Yes.

Mr. SNELL. What is your experience of the general treatment of American citizens down there in Mexico for the last three or four years?

Mr. MITCHELL. Since 1914 the treatment of Americans has been treatment that should have been repudiated a long time ago. I have seen them get insulted deliberately in the street, especially American women, and this was very often done by armed men.

Mr. SNELL. In the city of Mexico?

Mr. MITCHELL. Yes, sir; and neither Americans nor others could carry guns. By arbitrary decree Mr. Carranza demanded everybody to give up their arms and ammunition.

Mr. SNELL. Were the Americans treated with as much respect as citizens of the other Governments, say the French, Spanish, or British?

Mr. MITCHELL. I do not think so, sir, with one or two exceptions. You know there are always exceptions to the rule, but as a generality the American was not. There was that continual stirring up against them.

Mr. SNELL. How does the number of Americans in Mexico at the present time compare with the number of foreigners from other nations? Can you tell me anything about that—whether there are more Americans there than anybody else?

Mr. MITCHELL. No, sir; the Spaniard is the biggest colonist in that country.

Mr. SNELL. How does the number of French and English compare?

Mr. MITCHELL. There are much more French than Americans.

Mr. SNELL. How are the English?

Mr. MITCHELL. The English are always the smallest colony.

Mr. SNELL. The smallest?

Mr. MITCHELL. Always; even in any time.

Mr. RODENBERG. How about the Germans?

Mr. MITCHELL. The Germans were not tabled to get out of the country during the war. They were all well watched, and therefore they stayed. There is a big German colony, but the German colony was increased after the United States went into the war, because there seemed to be immigration of Germans into Mexico. We could see new German faces every day in the street.

The CHAIRMAN. How were they treated?

Mr. MITCHELL. Very well, indeed. In fact, it used to be remarked among the allied nations that the taxation applied by the Carranza government did not touch the Germans much. They were in the hardware and drug business; and if you will look over the tax lists applied you will find there were very few taxes applied to them, but they were applied practically to the industries of other nations. That is the thing that was remarked. In fact, one day, in a discussion with two diplomats down there I pointed out that fact to them, and they took up the tax lists and noticed it.

The CHAIRMAN. How were the German women treated on the street, as compared to American women?

Mr. MITCHELL. Very well.

The CHAIRMAN. They were treated well?

Mr. MITCHELL. Yes, sir.

Mr. Pou. How long have you been away from Mexico, Mr. Mitchell?

Mr. MITCHELL. Since September, 1917, with the exception of one month last year—1918.

Mr. Pou. Are you going back to Mexico?

Mr. MITCHELL. I hope to one day, sir.

Mr. Pou. Were you engaged in business down there?

Mr. MITCHELL. I was manager of the Bank of London and Mexico, which was put out of business by being looted by the Carranza government. If you wish to touch on that point—about the banking situation—I would be glad to do so.

The CHAIRMAN. No; I do not care to go into that.

Mr. RIORDAN. Where did this word "gringo" originate, that they apply to Americans?

Mr. MITCHELL. That did not originate in Mexico, sir; that originated in another South American country at the time that the American soldiers had gone down there, and at that time they used to sing a song, "Green grow the rushes," and from that came the word "gringo." That is how that really originated. Others tell you that it came from the time that the Americans went into Mexico, and they all dressed in green coats, and the Mexican would say, "green coat."

Mr. FESS. Mr. Chairman, as I recall, there were a great many Chinamen killed in Mexico?

Mr. MITCHELL. Yes, sir.

Mr. FESS. What was the occasion of that?

Mr. MITCHELL. The Chinamen were killed during the Madero régime in Torreón.

Mr. FESS. How many?

Mr. MITCHELL. Three hundred and three in one day. That is when Madero, a brother of the ex-president, took that city. There always had been a feeling among the Mexicans against the Chinamen because the Chinamen worked for as little salary, or sometimes less than the Mexican, and they took that opportunity to let that out.

Mr. RODENBERG. Do you think the feeling against Americans was strengthened by their belief that the Americans, as a nation, or as a people, were afraid or failed to assert their rights?

Mr. MITCHELL. Yes, sir. Twice they went into the country and then withdrew without accomplishing what they went in for, which made the Mexican people, especially the military element, say, "We could lick them any time we cared."

Mr. RODENBERG. They had a contempt for the American?

Mr. MITCHELL. Yes.

Mr. RODENBERG. And it caused the anti-American feeling to grow?

Mr. MITCHELL. Yes; that contributed very much to it.

Mr. SNELL. You think the general feeling among the Mexicans is that they could lick America if they started out?

Mr. MITCHELL. Not to-day.

Mr. SNELL. It was at that time?

Mr. MITCHELL. Yes.

Mr. RIORDAN. How are the Japanese treated down there in comparison to Americans?

Mr. MITCHELL. The Japanese have always been well treated there because, although he is another man who works, he works in an inferior position, such as gardener. In fact, the best gardeners down there are Japanese. Then, very often they were used as guards. At certain times when armed guards were required the Japanese were the only ones who would undertake to stand by their guns. At one time I had 14 of them and when shooting started in the street they were right there.

Mr. FESS. Are we to understand that in your judgment the bitter feeling against America was not prior to the landing at Vera Cruz?

Mr. MITCHELL. No, not bitter. There was always a kind of undertone, but during the Díaz régime, as I told you, he was criticized by his compatriots and his political opponents because he favored Americans too much. But he was farseeing. The Americans were the only people who would go in and build

railroads, with the exception of one railroad which had been built from Vera Cruz to Mexico City. The Americans were enterprising men, pioneers, and they were building up that country, and therefore I think Americans should be well looked after. All the men who went in there proved that they were pioneers, and built up this country and built railroads.

Mr. FESS. And the bitterness that now exists—

Mr. MITCHELL. Has been fomented from those different times.

Mr. FESS. Is the bitterness lessening in Mexico as the days go by?

Mr. MITCHELL. As I saw it last year, just a year ago, it was not. In fact, I do not mind telling you that a great many educated Mexicans, intelligent Mexicans, feel sore at the Americans because they have not cleaned up the country. They say, "We will never get anything until some strong power comes in here and does it." They say, "At one time we had 60 years of revolution, and we will not stop, but will break the record."

Mr. FESS. In your judgment, how much of an army would it take to clean up the country?

Mr. MITCHELL. I do not think it would take a big army at all, sir. With a suitable army of men, and you could get the Mexicans themselves with the sure pay, they do not get to-day an assured daily pay, with an American in charge of them, they would have the finest regular soldiery, or you might say rural guard, that could ever be got up, what they call the rurales there.

Mr. RODENBERG. In your judgment, at the present time in the country that is controlled by the Carranza government, are American lives and American property secure?

Mr. MITCHELL. No, sir; not if they want it.

The CHAIRMAN. That is all, Mr. Mitchell, thank you.

Mr. GARRETT. Mr. Rodenberg asked you if, in your opinion, American lives and American property were secure under the Carranza government to-day, and I understand you to answer no. Do you mean that that is the fault of the Carranza government affirmatively, or does the Carranza government itself attack American life and American property.

Mr. MITCHELL. No; it is the military, the riffraff of the soldier element they have there, practically got up from the lowest dregs. They do not respect not only American lives but the lives of others, if they think they can get anything by stealing. Down in the Tampico district where the oil wells are time and time again it is a well-known fact that they were attacked by the Carranza soldiers, even without the approval of their officers, at least supposedly so, and they are the ones who have killed more foreigners than the supposed bandits have done. Any American will tell you that it has always been when the Carranza group has come around there.

Mr. GARRETT. What I am anxious to get was your viewpoint as to whether or not the Carranza government itself—

Mr. MITCHELL. I consider it guilty in this way: I have never known of a case where the culprits have been brought to punishment, so you might say there was a tacit agreement that they could do that. If they made two or three examples of those men, getting them and punishing them, and not all the time saying it was the bandits that did it, it might be stopped.

Mr. KEARFUL. Are you willing also that the statement which was inserted by Representative Gould as having been signed by you—

Mr. MITCHELL. You can also use that.

(The statement referred to is here printed in full, as follows:)

Q. What proportion of Mexican territory is controlled by Carranza?

A. Forty to forty-five per cent of the territory, containing about that percentage of the total population of the Republic. Of the population contained in this territory, less than 10 per cent is favorable or loyal to the Carranza cause.

Of the 15,000,000 population of Mexico, between 20,000 and 25,000 cast votes at the last election, according to official figures printed in Government organs in Mexico City in May or June of 1917. These figures were published as the result of the insistence of certain members of the chamber of deputies. These deputies were members of the Obstructionista Party, which organized against Carranza immediately after the convention of the new Congress.

Q. How many distinct revolutionary movements are there?

A. Of the forces under arms in Mexico not loyal to the Carranza government, about 75 per cent, or 9 of the 12 rebel groups, as they are called, are revolutionary in character from varying motives. These nine groups have recently

reached a measure of common ground or understanding upon which their opposition to the Carranza government is based. The meetings at which this understanding was reached were held in New York City in October, 1918, delegates from the different factions being present.

Q. What are the causes of these revolts? What are the rebels trying to accomplish?

A. The causes of these revolts are sometimes economic and sometimes personal, several of the leaders of the revolting groups being actuated largely by resentment from treatment received from their former chief, Carranza, while serving with him against the Huerta government. Those who have joined in the agreements reached in October, 1918, are committed to a return to the only legal Mexican constitution, that of 1857, and the protection of foreign interests, partially through the repeal of antforeign decrees issued by Carranza, but mainly through a strict adherence to international obligations.

Q. What measure is Carranza taking to pacify the country?

A. Personally, he may wish to pacify the country, but his followers do not wish this, inasmuch as a lot of their incomes are now derived from the large bloated pay rolls of their army and these incomes would disappear.

I should like to give the committee some instances of thievery and graft on the part of the Carranza generals and other government officials which have come within my personal knowledge to support this statement.

Q. How large is the Carranza army?

A. The pay roll shows it is a little over 100,000; actually, the average number of troops under arms would be between 30,000 and 35,000.

Q. How does this compare with the Diaz army?

A. It is about 25 per cent higher than what the real Diaz army was.

Q. How much is the Carranza army costing?

A. From the published statements from the financial department, the Carranza army has been costing at the rate of 10,000,000 pesos a month, equivalent to \$5,000,000 in United States currency, or \$60,000,000 per year.

Q. How much did Diaz spend on his army?

A. Diaz spent about one-fourth of this.

Q. When do you think the country will be at peace?

A. Not until some power establishes a suzerainty for a limited period of time, because I have heard well-read Mexicans pass the remark that if they started a revolution again, whereas at one time they had a revolution for 60 years, this time they were going to break the record if they were left alone. I heard one of the Carranza generals pass that remark.

Q. Are the people in the Carranza territory happy and prosperous?

A. No; they are not. This is one of the reasons why crops have not been planted, because the planters found that in every case when they planted crops some of the Carranza military element would come and take them or put their horses to feed on the newly grown crops.

Q. Is it true that the main cause of the Carranza revolution was the agrarian problem, or the demand for the subdivision of large estates?

A. Madero started the agrarian movement, but when he died it was recognized that it was an Utopian dream. Every revolutionist in Mexico usually brings up this question. With the idea of giving protection to those that might get little holdings of land in Coahuila, it was resolved to establish State troops in Coahuila, of which Carranza was governor in 1912, during the Madero administration, and Carranza received about a million and a half pesos (or about \$750,000 in United States currency) for the purpose of equipping such a troop, which he never established, however, and when asked for an accounting of the money received he threatened to rebel against the Madero government. His revolt, however, was upset by the revolution against Madero in February, 1913. The fact of this threat was conveyed to me by the minister of finance in the Madero government, who has just received a telegram from Carranza, which telegram he showed to me in his office with the remark, "When we ask this man for an accounting he threatens us, but we will take care of him." This movement was upset through the rebellion of Felix Diaz against Madero, which revolution was put down after about 10 days' fighting in the streets of Mexico City, the emissaries of Felix Diaz having offered the presidency to Huerta if he would join them and help to have Madero arrested in the palace, which was done by Blanquet, who was fighting against the Felix Diaz revolution. Carranza, by telegram promised to uphold the Huerta-Diaz combination, the same telegram being in the hands of Garcia Granados, who was minister of the interior in the Huerta cabinet.

The members of the Huerta government were surprised one Saturday evening when a telegram was received from an agent of the bank of which I was manager announcing the fact that Carranza had risen in revolt and taken this agent prisoner, demanding the sum of \$50,000 from the bank to assist him in his revolution. I had to hunt up members of the Huerta cabinet to show them this wire, and Garcia Granados, who had the wire of loyalty, would not believe me, remarking that "I received this wire of loyalty five days ago." Garcia Granados was shot by Carranza troops after they occupied the city of Mexico. This action was against the constitution of 1857, which Carranza was supposed to be upholding, because there is a clause in said constitution which forbids the shooting of young men under 19 and old men over 60. Garcia Granados was 70. To allow this shooting, and many others that happened, Carranza declared a preconstitutional period, which preconstitutional period existed until the Carranza supporters drew up the spurious constitution of 1917.

Q. Where and by what means have large estates been divided under the Carranza régime?

A. To my personal knowledge, none of the large estates have been divided, although a great many of the Carranza generals have acquired same or are occupying same.

Q. Is the Carranza government anti-American?

A. It has been since its installation. Proof was given of this on the first two occasions that Mr. Fletcher, American ambassador, called on the chamber of deputies, where he was practically hissed by the Carranza deputies, as is known to the State Department. In addition, on the occasion of the installation of Carranza as President of Mexico, which took place on the 1st day of May, 1917, groups of the proletariat, who apparently had been recompensed, hissed him as he passed from his automobile, while Von Eckhart, the German minister, was applauded by the same parties.

Q. Is it true that Carranza has attempted to form a Latin-American union to combat American influence? Did he address Central and South American countries on this subject and send emissaries for this purpose? Did he not make speeches on this subject and mention it in an address to the Mexican Congress?

A. On various occasions, in the Mexican papers which were considered official organs of the Government, remarks made by Carranza in interviews given to the reporters of said papers showed that he wished to have such an organization established, and, in fact, the Universal stated on one occasion that the Carranza Government would receive the representative of the Argentine Government to take up the matter with him. Said representative of the Argentine Government arrived in Mexico a short while afterward and was greatly feted, as he was supposed to be the harbinger of this new scheme to which Carranza was only too willing to contribute.

It is also a well-known fact in the State Department that Luis Cabrera, the present minister of finance in the Carranza cabinet, made a special journey to the Argentine to a conference held in Buenos Aires, which was reported to be anti-American and very much pro-German. Before going to the Argentine Cabrera was in Washington, and I understand it is on record that the reception he received here was cool, the object of his mission to the Argentine being known in Washington.

Q. Did Carranza, in his message to Congress last year, while the United States was at war, severely criticize this Government and display a most unfriendly attitude?

A. He has always shown himself against the Allies; in fact, he proposed to stop the shipment of any kind of produce from Mexico to any belligerent, knowing that this would be against the Allies only, and especially against those allies who were using petroleum for their vessels, saying that a large number of said supplies came from Mexico.

Q. Why were Carranza and his generals pro-German?

A. It is a well-known fact that a great many of Carranza's generals and civilian officials were being paid by German propaganda. I understand this was the cause of the United States stopping money on its way to Mexico.

Q. Do you consider that the Carranza Government was neutral?

A. No; I do not. They were pro-German, for the reason that I have told. In a great many cases they were paid to be pro-German and anti-American, receiving this payment through the German propaganda, which was very strong in Mexico.

Q. Is it true that the Carranza Government protected and subsidized the German press in Mexico during the war?



A. On the contrary, the Germans were the ones that paid to have the Mexican press publish the lies which were published during the war, so much so that they arranged to get paper out of the United States when the factories in Mexico were shut down.

Q. Did the Carranza Government subsidize El Democrata, which is a pro-German organ?

A. Yes, it did.

Q. Is it true that the Germans were in control of the Mexican wireless stations during the war?

A. In Mexico City they were. In fact, after the United States entered the war, two of the principal German operators came over from Sayville to Mexico City and took charge of the plant and built it much higher, with a view to increasing its radius. The Carranza Government denied this when questioned by representatives of the Allied powers, and the Italian minister, who had gone to talk to some of these men in German, proved this by talking by telephone in the office of one of the Carranza cabinet members, calling up one of these men and speaking German to him, he having used this artifice because the Carranza cabinet minister had denied there was any such man there. Very soon after this the Italian minister left the country, and it was generally supposed that he was requested to do so by Carranza.

Q. Did Mexico permit the transmission of messages by wireless and other means to Germany during the war?

A. It is a well-known fact to business people in Mexico City that wires were being passed through Mexico to belligerents and to the few countries which were pro-German, or showed themselves to be pro-German. It is also a well-known fact that after the United States entered the war many more Germans were to be seen in the streets of Mexico than had been before that, as there seemed to be an immigration into Mexico, supposedly because they had been promised protection. It was also understood that several of the Carranza plenipotentiaries consented to carry pro-German messages and on one occasion one of the said plenipotentiaries, by name Isaac Fabela, lost his baggage in Habana, Cuba. It was generally known in Mexico that when said baggage was found and returned to him the messages he was carrying had been copied. This incident of lost baggage brought on the breaking off of relations between Mexico and Cuba for a time.

Q. Did Mexico refuse to recognize or comply with American commercial regulations during the war?

A. Mexico refused to recognize the blacklist of the United States or any other country, and gave as an argument that they were neutral, and in one of his speeches Carranza said that he was protesting, or going to protest, against such restrictions in trade with his country.

Q. Is it true that Carranza and his officials and military leaders were closely associated, personally and financially, with the German diplomatic representatives and German citizens during the war?

A. The Carranza Government was very closely associated with the German minister, Von Eckhart; in a great many financial operations which they did, such as trying to make an artificial rate of exchange on the paper money which they had issued, the German bank was the agency originally used. In addition, when a great many taxes were declared, many allied merchants remarked that the taxes did not apply to the industries which the Germans had. For instance, the German merchants in Mexico usually dedicated themselves to hardware and drugs, and few of the taxes touched their line of business.

W. B. MITCHELL.

July 22, 1919.

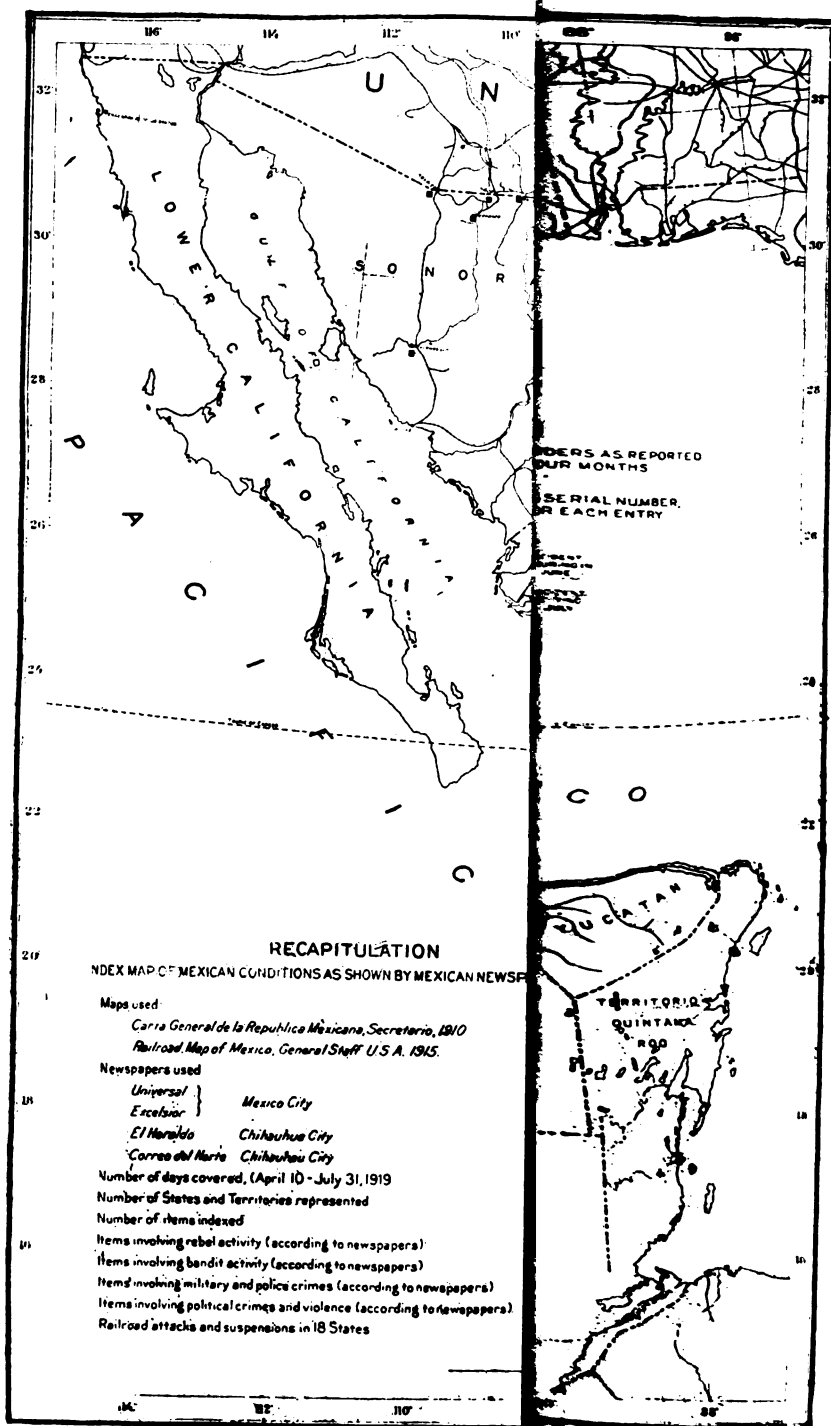
Mr. KEARFUL. Finally I want to ask you, Mr. Mitchell, what is your citizenship?

Mr. MITCHELL. I am a citizen of Great Britain.

(Thereupon the hearing was concluded.)







# INVESTIGATION OF MEXICAN AFFAIRS.

SATURDAY, NOVEMBER 15, 1919.

UNITED STATES SENATE,  
SUBCOMMITTEE ON FOREIGN RELATIONS,  
*Washington, D. C.*

The committee was called to order at 10.45 o'clock a. m. by the chairman, who, being immediately thereafter called to the Senate, directed Mr. Francis J. Kearful to conduct the hearing.

## STATEMENT OF MR. JOSEPH P. ANNIN.

(The witness was duly sworn by Mr. Kearful.)

Mr. KEARFUL. State your name and address.

Mr. ANNIN. Joseph T. Annin, 817 Fifteenth Street, Washington, D. C.

Mr. KEARFUL. What is your present occupation?

Mr. ANNIN. I am the Washington representative of the National Association for the Protection of American Rights in Mexico.

Mr. KEARFUL. You have here a map of Mexico, which you have presented to the committee. Will you state who made the map?

(The map referred to is here printed on opposite page, as follows:)

Mr. ANNIN. The map was made under my personal direction by a draftsman employed for that purpose.

Mr. KEARFUL. What does the map purport to represent?

Mr. ANNIN. The map purports to represent what four Mexican newspapers indicated as to the state of political disorder in Mexico for the months of April, May, June and July of 1919.

Mr. KEARFUL. Those papers as mentioned on the map appear to be Universal, Excelsior, El Herald, and Correo del Norte, the last two being of Chihuahua city and the first two of Mexico City. Are those all of the newspapers that were published in Mexico during that period?

Mr. ANNIN. No, sir; not by any manner of means. Those papers are the ones that were the most readily accessible to us for this purpose and, in view of the impracticability of getting the back files of the other large dailies published in Mexico, we decided to base the map on those papers. It should be borne in mind that of

317 distinct items represented by symbols on the map, 312 of them were taken from the two papers in Mexico City which you have just named, namely, *Universal* and *Excelsior*.

Mr. KEARFUL. You are aware, of course, that there are important newspapers published at Monterey, Tampico, Merida, and other places.

Mr. ANNIN. Yes, sir. In compiling this map I did not ask the translations to be made expressly for that purpose. I simply took translations which had already been made in our New York office of all items of interest in such Mexican newspapers as we had there, and from those sorted out translations representing four classes of disorders, namely, disorders due to rebel activity; disorders due to organized bandit activity; disorders involving violence imposed by Government military forces upon civilians or police and municipal authorities; and, fourth, items involving political crimes of violence, such as assassination by Government forces, civil or military, of people representing political factions opposed to the Government. That last does not include, of course, factions in revolt against the Government, which are designated as rebels.

Mr. KEARFUL. What sort of disorders, if any, were omitted in this scheme?

Mr. ANNIN. All disorders not expressly described on the recapitulation, which, of course, would include ordinary police crimes such as robbery, murder, burglary, criminal assault, and crimes of that nature.

Mr. KEARFUL. How are the disorders that you mentioned as being illustrated on the map designated?

Mr. ANNIN. We took a separate symbol for each month, as the legend on the map shows; a diamond for an incident occurring in April; a square for an incident occurring in May; a triangle for an incident occurring in June, and a cross for an incident occurring in July. Those were placed on the map in red and, as closely as possible, were located where the incident referred to occurred. In cases where an accurate location was not practicable the symbol has been put in as nearly to the scene of the disorder as possible and "Apx.," meaning approximate, put in alongside of the symbol.

I might state that in listing the disorders, or the entries on the map, we have compiled a tabulation, which I will insert if the committee wishes, and which shows in the following order what each symbol represents, the symbols being numbered serially by States so that the tabulation contains these columns: First, the number on the map; second, the approximate date of the incident referred to; third, the city or locality in which the incident occurred; fourth, the character of the incident according to the item from the Mexican newspaper from which the entry was made; fifth, the responsibility for the outrage as indicated by the newspaper; sixth, the name of the newspaper; and, seventh, the date of publication of the item.

Mr. KEARFUL. It will be printed in the record.

(The tabulation referred to is here printed in full, as follows:)

*Index to map of Mexican conditions as shown by Mexican newspaper reports.*

Approximate date of incident.	Town or locality.	Character of incident or outrage.	Responsibility <sup>1</sup> .	Reference and date.
STATE OF AGUASCALIENTES.				
May 12	Aguascalientes.....	Pitched battle between soldiers and police.	M.	Excelsior, May 13.
June 23	.....do.....	Rebels operating in neighborhood.....	R.	Excelsior, June 29.
July 1	.....do.....	Battle with rebels led by revolting Federal.	R.	Universal, July 1.
June 30	Hacienda S. Bartolo.....	Battle with rebels (possibly duplication No. 3).	R.	Excelsior, July 4.
STATE OF CAMPECHE.				
May 25	State of Campeche.....	Commission of residents protest to Carranza against reign of terror throughout State due to political persecutions and assassinations. <sup>2</sup>	M.	Excelsior, May 25.
June 10	Tenabo.....	One of series of incendiary fires destroying large henequen plantations.	B.	Universal, June 19.
STATE OF CHIAPAS.				
Apr. 11	Ocozacoautla (Ocosingo).....	Rebels attack traveling officials.....	R.	Universal, Apr. 22.
Apr. 21	Suchiate Railroad bridge.....	Burned by rebels; to be rebuilt.....	R.	Do.
May 12	Ocosingo.....	Captured and held by rebels.....	R.	Universal, May 12.
May 25	Arriago (Tonala).....	Captured by rebels.....	R.	Excelsior, May 25.
Do.	Tonala district.....	Rebels cooperating with Tabasco rebels.	R.	Do.
June 5	Ocosingo.....	Recaptured from rebels by Federals.....	R.	Universal, June 5.
June 25	San Cristobal las Casas—Comitan.....	P. A. railroad traffic suspended following raid and destruction by rebels.	R.	Universal, June 26.
July 6	.....do.....	Highway robbery by rebels.....	R.	Universal, July 15.
Do...	Tuxtla-San Geronimo.....	Railroad traffic interrupted by rebel raids.	R.	Do.
STATE OF CHIHUAHUA.				
Apr. 15	Morse-Alberto.....	Work train attacked and burned by rebels.	R.	El Heraldo (Chihuahua), Apr. 15.
Apr. 12	Aldama.....	Town captured by Villista rebels.....	R.	Correo del Norte (Chihuahua), Apr. 17.
Apr. 20	Jimenez-Chihuahua.....	Railroad traffic indefinitely suspended because of rebel activities.	R.	Universal, Apr. 20.
May 4	Parral-Baca.....	Railroad destroyed by rebels.....	R.	Correo del Norte (Chihuahua), May 4.
May 10	Jimenez-Santa Rosalia.....	Barragon announces rebels in vicinity.	R.	Universal, May 10.
May 20	Parral district.....	Villistas concentrated; Villa with 1,000,000 pesos stolen bullion en route to sell.	R.	Excelsior, May 20.
Apr. 25	Parral.....	Evacuated by Villista rebels after six days.	R.	Correo del Norte (Chihuahua), May 4.
May 22	La Boquilla.....	Villistas concentrating in force in vicinity.	R.	Excelsior, May 22.
May 23	Santa Rosalia-Jimenez.....	Efforts to repair railroad line suspended because of rebel activities.	R.	Universal, May 23.
May 30	Terrazas.....	Railroad traffic suspended because of presence of rebels.	R.	Excelsior, June 1.
Do.	Ahumada.....	.....do.....	R.	Do.
Do.	Montezuma.....	Railroad traffic suspended Ciudad Juarez-Jimenez because of presence of rebels.	R.	Excelsior, June 2.
May 1	Parral.....	Official announcement second capture by rebels who held town 10 days.	R.	Universal, June 3.
June 23	Madera.....	Lumber mills shut down because of rebel activity.	R.	Universal, June 23.
Do.	Pearson.....	.....do.....	R.	Do.
June 21	Ahumada.....	Battle between rebels and Federals.	R.	Excelsior, June 24.
Do.	Rancheria.....	Destruction of railway engine and cars.	R.	Do.
June 23	Colonia Dublan.....	Mormon colonists forced to emigrate to United States.	R.	Universal, June 23.
Do.	Colonia Juarez (approx.).....	.....do.....	R.	Universal, June 24.
June 15	Ciudad Juarez.....	Attacked by Villistas, who destroyed 90 kilometers of track in retreat before U. S. troops.	R.	Universal, July 9.

<sup>1</sup> R. indicates rebel activity, B indicates bandit activity, M. indicates crime by Carranza soldiers or police against civilians, P. indicates political crime.

<sup>2</sup> Items so marked may be especially interesting—translations segregated.

*Index to map of Mexican conditions as shown by Mexican newspaper reports—Continued.*

Approximate date of incident.	Town or locality.	Character of incident or outrage.	Responsibility.	Reference and date
<b>STATE OF CHIHUAHUA—continued.</b>				
July 10	San Andres.....	Captured by Villa and made rebel headquarters. <sup>1</sup>	R.	Excelsior, July 10
July 16	Pilar de Conchos.....	Federals mobilized to resist rebel attacks	R.	Universal, July 16
Do....	Santa Rosalia.....	Rebel forces present.....	R.	Do.
Do....	Horecasitas.....	do.....	R.	Do.
July 20	San Antonio (Chihuahua).	Attacked and captured by rebels.....	R.	Universal, July 20
July 23	Paral district.....	Americans sent to concentration camp at Jimenez for safety.	R.	Universal, July 23
Do....	Conchos district.....	do.....	R.	Do.
<b>STATE OF COAHUILA.</b>				
June 3	Camacho.....	Captured by rebels.....	R.	Universal, June 4
June 16	Peralta.....	Rebels destroy railroad bridge isolating Torreon.	R.	Excelsior, June 19
<b>STATE OF COLIMA.</b>				
May 22	Colima.....	Two leaders and a number of others executed because of opposition to existing governor's candidacy. <sup>1</sup>	P.	Excelsior, May 23
May 25	do.....	Rebels repulsed in attack on town.....	R.	Universal, May 29
May 26	North of Colima.....	Federals move against rebel forces.....	R.	Universal, May 30
June 19	Cocuimatlan-America.....	Train wrecked and looted, suspending traffic.	R.	Excelsior, June 19
<b>STATE OF DURANGO.</b>				
Apr. 19	San Juan del Rio.....	Villistas repulsed attack on town.....	R.	Universal, May 1
May 12	Gomez Palacio.....	Hacienda looted; manager kidnapped by bandits.	B.	Excelsior, May 14
May 12	Cuencame.....	Entered by rebels.....	R.	Do.
May 18	Hacienda Anayacoyan.....	Federals battle with Villistas.....	R.	Universal, May 19
May 15	Durango.....	Villistas attack nearby hacienda (possibly duplicate of No. 4).	R.	Excelsior, May 21
May 13	Villa Hidalgo.....	Villa and forces occupy town.....	R.	Excelsior, May 23
May 23	Mapimi.....	Mining camp looted of bullion by Villa.	R.	Do.
May 21	San Esteban.....	Federals in battle with rebels in force.	R.	Excelsior, May 21
May 12	Tepehuanes.....	Rebels attack train and burn bridges...	R.	Excelsior, May 14
June 3	San Juan del Rio.....	Attacked by rebels.....	R.	Universal, June 7
Do....	Altonilco.....	Rebels and federals clash.....	R.	Do.
Do....	Tepehuanes.....	Rebels in vicinity.....	R.	Do.
Do....	Inde.....	do.....	R.	Do.
Do....	El Oro.....	do.....	R.	Do.
June 12	Durango.....	400 head of stock stolen from railroad yards.	B.	Excelsior, June 16
June 22	Rodeo.....	Town taken and farm lands preempted.	R.	Excelsior, June 26
June 26	Cuencame.....	Rebels enter town demanding supplies.	R.	Universal, July 7
June 26	do.....	Nearby hacienda attacked by rebels....	R.	Do.
July 8	San Lucas.....	Rebels take town.....	R.	Excelsior, July 12
July 19	El Chorro.....	Attacked by rebels.....	R.	Universal, July 19
Do....	Santiago Papasquiaro.....	San Antonio, San Julian, and Promontorio, three townships in vicinity, looted of livestock by rebels.	R.	Excelsior, July 23
July 7	Ojo Hacienda.....	Alleged Villista sympathizers deported.	R.	Universal, July 11
July 11	Durango.....	Outrages by police and military upon civilians include seduction by general of 13-year-old girl. <sup>1</sup>	M.	Universal, July 18
July 1	Tejamen (approximately).	Chief of garrison killed leading brawlers.	M.	Excelsior, July 4
<b>STATE OF GUANAJUATO.</b>				
June 19	Jaral.....	Rebels attack train.....	R.	Universal, June 19
<b>STATE OF GUERRERO.</b>				
May 11	Guerrero Mountains (approximately).	Reported headquarters for revolting former federal general.	R.	Universal, May 12
July 6	Zihuatenejo.....	Rebels attack port.....	R.	Universal, July 7
June 20	Citlala.....	Federals suppress citizens' revolt.....	R.	Universal, June 22
June 25	Zihuatenejo.....	Rebels capture cargo in port.....	R.	Excelsior, June 25
July 25	Petalcola.....	Rebels sack town and abduct young girls.	R.	Do.
Do....	Naranjal.....	Rebels burn sawmill.....	R.	Excelsior, July 25

<sup>1</sup> Items so marked may be especially interesting—translations segregated.



*Index to map of Mexican conditions as shown by Mexican newspaper reports—*  
Continued.

Approximate date of incident.	Town or locality.	Character of incident or outrage.	Responsibility.	Reference and date.
<b>STATE OF HIDALGO.</b>				
June 4	Terrenos.....	Rebels destroy telegraph apparatus....	R.	Universal, June 7.
June 13	Temoaya.....	Rebel activity on railroad line; looting ranches.	R.	Excelsior, June 14.
May 30	Pachuca.....	Federals and rebels clash.....	R.	Excelsior, June 1.
July 24	Tenango de Doria.....	Rebels attack city.....	R.	Excelsior, July 25.
<b>STATE OF JALISCO.</b>				
Apr. 25	Chiquistlan (approx.)....	Home guard burns resident alive <sup>1</sup> ....	M.	Universal, Apr. 29.
Apr. 29	San Cristobal.....	Bandits attack town and kidnap mayor.	B.	Universal, May 2.
Do....	Ixtlahuacan.....	Bandits attack town.....	B.	Universal, May 3.
May 10	Cuesta de Sayula.....	Rebels dynamite railroad.....	R.	Universal, May 10.
May 29	Ixtlahuacan del Rio.....	Town threatened by rebels.....	R.	Universal, June 2.
Do....	S. Cristobal de la Barranca.	Rebels in vicinity.....	R.	Do.
May 21	Zapotitlan.....	Bandits pillage near-by ranches.....	B.	Universal, May 25.
June 14	Pedrito.....	Rebels and Federals clash.....	R.	Excelsior, June 14.
Do....	Laureles Mountains.....	do.....	R.	Do.
June 17	Chapallilla.....	Captured by rebels.....	R.	Universal, June 21.
June 22	Tonila.....	Rebels attack town.....	R.	Excelsior, June 23.
June 24	Laureles Mountains.....	Rebel headquarters repulses attack.....	R.	Excelsior, June 24.
June 27	Mica (approximate).....	Banuelos rebels destroy bridges.....	R.	Universal, June 13.
June 13	Jalapa district.....	Rebels barricade houses in unnamed town.	R.	Universal, July 1.
Do....	Colima-Manzanillo.....	Rebels hold up train.....	R.	Do.
July 2	San Juan de los Lagos.....	Rebels attack town.....	R.	Excelsior, July 3.
July 9	Zapotlan district.....	Federals rescue farmer from rebels.....	R.	Universal, July 9.
Do....	Zapotlan (approximate).....	Rebels attack Hacienda el Salitre.....	R.	Do.
Do....	Ameca.....	Garrison chief charged with murder and other misconduct. <sup>1</sup>	M.	Do.
July 14	Autlan-Sayula district.....	"Repeated depredations" by rebels....	R.	Universal, July 14.
July 17	Paratos.....	Rebels in force defeated.....	R.	Universal, July 21.
Do....	Ixtlahuacan.....	Rebels defeated.....	R.	Do.
May 14	Cerro de la Cebolla.....	Federals defeat rebels.....	R.	Universal, May 14.
June 18	Huejuquilla.....	Rebels attack town.....	R.	Universal, June 22.
<b>STATE OF MEXICO.</b>				
May 3	Contreras.....	(Near Mexico City) Federal guards attacked.	R.	Universal, May 3.
May 12	San Juan de Tlacotempa (approximate).....	Zapatista leader killed.....	R.	Universal, May 13.
May 27	Toluca-Mexico City.....	Cavalry and military trains guarding railroad.	R.	Universal, May 29.
May 31	Teoloyucan.....	Zapatistas pillage town.....	R.	Universal, May 31.
Do....	Federal district.....	Zapatistas active near Santana Tlacotempo.	R.	Do.
June 2	Popocatepetl (Mount).....	Arenas' bandits active.....	B.	Excelsior, June 2.
Do....	Ixtaccihuatl (Mount).....	Region terrorized by Arenas' bandits..	B.	Do.
June 9	Federal district.....	Rebels rob automobile party; held for ransom.	R.	Universal, June 9.
June 17	San Vicente.....	Hacienda pillaged; two Americans held for ransom.	B.	Universal, June 19.
June 25	San Lazaro.....	Ten soldiers rape and abandon woman <sup>1</sup> ..	M.	Universal, June 27.
July 7	Xochimilco.....	Rebels and Federal clash.....	R.	Excelsior, July 7.
July 24	Coajomulco-Barque.....	Feliceista rebels wreck train.....	R.	Universal, July 24.
July 11	Potoltitlan.....	Soldiers murder two civilians <sup>1</sup> .....	M.	Universal, July 14.
July 28	Mexico City.....	Police commissioner proved robber chief. <sup>1</sup>	M.	Excelsior, July 28.
July 19	El Barque-Tres Marias....	Rebels hold up train.....	R.	Universal, July 19.
<b>STATE OF MICHOACAN.</b>				
Apr. 15	Chucandiero.....	Rebels executed.....	R.	Universal, Apr. 20.
Apr. 25	Taranhacuaro.....	Rebels in vicinity.....	R.	Universal, Apr. 25.
Apr. 30	Chicoccat.....	City officials assassinated by home guard. <sup>2</sup>	M.	Universal, May 4.
Do....	Cheran.....	Home guards kill farmers and merchants. <sup>2</sup>	M.	Do.
May 4	Patzcuaro.....	Alvarez rebels loot town; kidnap residents.	R.	Universal, May 14.
May 20	do.....	Rebels raid town.....	R.	Universal, June 10.
May 26	Zamora.....	Perez rebels raid near-by farm.....	R.	Universal, May 30.
June 5	Tancitaro.....	Federals and Alvarez in pitched battle.	R.	Universal, June 10.
June 8	Apatzingan.....	Rebels kidnap hacienda manager.....	R.	Universal, June 18.
Do....	do.....	Rebels get 50,000 pesos ransom for five kidnapped landowners.	R.	Do.

<sup>1</sup> Items so marked may be especially interesting—translations segregated.

*Index to map of Mexican conditions as shown by Mexican newspaper reports—*  
Continued.

Approximate date of incident.	Town or locality.	Character of incident or outrage.	Responsibility.	Reference and date.
STATE OF MICHOACAN—continued.				
July 7	Villa Morelos.....	Home guards repulse rebels.....	R.	Universal, July 7.
June 9	Purepero.....	Rebels attack railway.....	R.	Excelsior, June 9.
July 7	Morelia.....	Twelve killed in train wreck.....	R.	Excelsior, July 7.
STATE OF MORELOS.				
June 15	Cuautla.....	Zapatista activities interrupt railroad traffic.....	R.	Universal, June 15.
June 5	Tulihualto.....	Attacked by rebels.....	R.	Universal, July 6.
STATE OF NUEVO LEON				
June 14	Montemorelos-Vaqueros...	Train blown up by rebels.....	R.	Universal, June 19.
June 13	Cerralvo.....	Almazan rebels loot town and levy forced loans.....	R.	Excelsior, June 14.
Do....	Los Ramones.....	do.....	R.	Do.
Do....	Aldamas.....	do.....	R.	Do.
Do....	Monterrey-Matamoros.....	Railroad bridges wrecked by rebels.....	R.	Do.
Do....	Linares.....	Rebels in vicinity.....	R.	Do.
June 15	Monterrey-Tampico.....	Railroad traffic interrupted by rebels.....	R.	Universal, June 15.
July 14	Cadereyta.....	Federals defeat rebels.....	R.	Universal, July 14.
July 24	Zaragoza.....	Town retaken from rebels after two years' occupation.....	R.	Excelsior, July 25.
Do....	Iturbide.....	Federals retake town after rebel occupation.....	R.	Do.
Do....	Mier.....	do.....	R.	Do.
Do....	Noriega.....	do.....	R.	Do.
STATE OF OAXACA.				
May 25	Oaxaca.....	Rebels in suburbs.....	R.	Excelsior, May 25.
Do....	Arriaga.....	Rebels loot, and burn station.....	R.	Universal, May 25.
June 5	Ejutla.....	Federals clash with rebels.....	R.	Excelsior, June 7.
May 30	Pluma Hidalgo.....	do.....	R.	Universal, June 8.
Do....	Puerto Angel.....	Federals attack rebel headquarters.....	R.	Do.
June 6	Miahutlan.....	Daily rebel raids reported.....	R.	Excelsior, June 9.
June 8	Oaxaca-Puebla.....	Railroad traffic suspended.....	R.	Excelsior, June 11.
June 4	Miahutlan.....	Rebels route Federals.....	R.	Universal, June 12.
May 31	Tlaxiaco.....	Rebels attack Federal troops.....	R.	Do.
June 12	Ejutla.....	Rebels and Federals clash.....	R.	Excelsior, June 14.
June 17	Puerto Angel.....	Federals mobilize against rebels.....	R.	Universal, June 17.
June 27	Tuxtepec.....	Rebels burn American sugar mills.....	R.	Universal, June 23.
June 22	Ojitlan.....	Rebels burn La Malta sugar mill. (Possibly duplication of above item.)	R.	Universal, June 23.
July 18	Ejutla.....	Rebels defeated by Federals.....	R.	Excelsior, July 19.
July 13	Tlaxiaco.....	do.....	R.	Excelsior, July 13.
July 15	Huajuclan.....	Zapatistas demand town's surrender.....	R.	Excelsior, July 15.
Do....	Petepa (approximate).....	Bandits raid town; garrison inactive <sup>1</sup> .....	B.	Excelsior, July 15.
Do....	Silacayonan.....	Zapatistas demand town's surrender.....	R.	Do.
Do....	Justahuaca.....	do.....	R.	Excelsior, July 15.
July 19	San Pedro Apostol.....	Rebels sack town.....	R.	Universal, July 24.
Do....	Tavihe.....	Rebel raid.....	R.	Do.
STATE OF PUEBLA.				
July 7	Amozoc.....	Rebels loot train.....	R.	Universal, July 8.
July 11	Aztecac.....	Federals drive out rebels.....	R.	Universal, July 14.
Apr. 26	Tlapacoyan.....	Rebels annihilate garrison and capture town.....	R.	Universal, Apr. 27.
July 7	Esperanza Apizaco.....	Rebels bomb, loot and burn train.....	R.	Universal, July 9.
May 18	Puebla-Oaxaca.....	Zapatista rebels interrupt railroad traffic.....	R.	Excelsior, May 20.
May 20	Xochimilco.....	Federals defeat rebels.....	R.	Universal, May 22.
May 26	Zacapoaxtla.....	Natives complain of extortion by military forces. <sup>1</sup> .....	M.	Excelsior, May 26.
June 1	Chachapa.....	Rebels attack train.....	R.	Universal, June 2.
Do....	Varela.....	Rebels loot train and burn cars.....	R.	Universal, June 4.
June 3	S. Pedro Tlaltenango.....	Rebel loot town and kidnap women.....	R.	Do.
June 5	Puebla.....	Federals defeat rebels south of city.....	R.	Universal, June 7.
June 6	Santa Maria.....	Federals drive out rebels. (Possibly duplicate above item.)	R.	Excelsior, June 7.
June 9	Barranca Honda.....	Rebels hold up train, loot passengers, take 100 prisoners and burn cars. <sup>1</sup> .....	R.	Excelsior, June 11.
June 11	San Marcos.....	Federal garrison revolts.....	M.	Excelsior, June 12.
June 8	La Noria Hacienda.....	Hacienda raided by rebels.....	R.	Do.
June 13	Puebla.....	Rebels loot hacienda of American consul and kidnap manager.....	R.	Excelsior, June 13.

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*Index to map of Mexican conditions as shown by Mexican newspaper reports—*  
Continued.

Approximate date of incident.	Town or locality.	Character of incident or outrage.	Responsibility.	Reference and date.
<b>STATE OF PUEBLA—continued.</b>				
June 20	Canitas.....	Federals defeat rebels.....	R.	Excelsior, June 30.
June 29	Tiangustengo.....	Fight rebels captured and executed....	R.	Excelsior, July 4.
July 3	Acatzingo.....	Rafael Limon complains federal officials held him for ransom.	M.	Excelsior, July 3.
July 1	Libres.....	Town attacked by rebels.....	R.	Excelsior, July 3.
July 4	Santa Maria Salitizintla...	Rebels sack and burn town killing several.	R.	Universal, July 5.
July 7	Rinconada.....	Rebels dynamite freight train.....	R.	Excelsior, July 8.
July 4	Amozoc.....	Rebels raid telegraph station.....	R.	Universal, July 10.
July 10	Tepeaca.....	Rebels hold rich farmer for 100,000 pesos ransom.	R.	Excelsior, July 10.
July 6	Tenexuchitl.....	Rebels in vicinity.....	R.	Universal, July 10.
July 11	Chietla.....	Home guards refuse to fight Zapatistas..	R.	Excelsior, July 12.
Do.	Calvan.....	Rebel camp raided.....	R.	Do.
Do.	Xochimilco.....	Rebels defeated.....	R.	Excelsior, July 13.
July 13	Cholula.....	Rebels raid widow's home.....	R.	Excelsior, July 15.
July 15	Tezuitlan.....	Federals attack rebels who threaten nearby towns.	R.	Do.
July 13	La Malintzi Mountains.....	Federal protect trains from rebels.....	R.	Excelsior, July 15.
July 15	Barranca Honda.....	Rebels attack train.....	R.	Universal, July 18.
July 20	Paralutla.....	Rebel leader Salazar killed.....	R.	Excelsior, July 22.
July 25	Tepeaca.....	Tehuacan-Puebla train dynamited, guard annihilated.	R.	Universal, July 29.
<b>STATE OF QUERETARO.</b>				
June 15	Queretaro.....	Congressman complains of 10 killings in political campaign.	P.	Excelsior, June 15.
<b>STATE OF SAN LUIS POTOSI.</b>				
May 25	Matehuala.....	Federals defeat rebels.....	R.	Universal, May 25.
<b>STATE OF SINALOA.</b>				
July 24	Culiacan.....	Yaqui Indians in rebellion.....	R.	Excelsior, July 24.
<b>STATE OF SONORA.</b>				
May 10	Cananea.....	Villistas raid and loot town.....	R.	Correo del Norte (Chihuahua), May 13.
May 22	Hermosillo.....	Yaqui rebels murder H. S. White, American.	R.	Excelsior, May 24.
June 24	Naco, Nogales, Agua Prieta.	Yaqui rebels threatening border towns.	R.	Excelsior, June 24.
<b>STATE OF TABASCO.</b>				
May 23	Villahermosa.....	Rebels loot steamer.....	R.	Universal, June 3.
May 30	San Miguel.....	Rebels active.....	R.	Excelsior, June 1.
Apr. 27	Tenosique.....	Rebels loot town and kill merchant....	R.	Universal, May 3.
May 30	Estipilla.....	Rebels active.....	R.	Excelsior, June 1.
June 6	Palma.....	Rebels and federals clash.....	R.	Universal, June 7.
July 4	Frontera.....	Rebels loot steamer.....	R.	Universal, July 4.
July 15	Jalapa.....	Rebels attack town.....	R.	Universal, July 15.
July 16	Villahermosa-Macuspansa.	Rebels defeat federals.....	R.	Excelsior, July 16.
Do.	Grijalva River.....	Rebels attack shipping.....	R.	Excelsior, July 16.
July 20	Grijalva River.....	Traffic suspended because of rebel attacks.	R.	Universal, July 21.
July 10	Villahermosa.....	Rebels attack steamer.....	R.	Excelsior, July 21.
July 15	Villahermosa.....	Three ships looted.....	R.	Excelsior, July 25.
July 31	Cardenas.....	State governor forced to disarm soldiers, flees under charge of having connived at coast and river piracy. Sets up revolutionary government. <sup>1</sup>	R.	Universal, Aug. 1-5. Excelsior, July 30.
<b>STATE OF TAMAULIPAS.</b>				
Apr. 19	Farias.....	Rebels defeated.....	R.	Universal, Apr. 21.
May 16	Santa Engracia.....	Perez rebels loot town.....	R.	Universal, May 22.
May 29	Victoria-La Cruz.....	Rebels loot and burn train.....	R.	Excelsior, May 29.
May 24	Tierra Amarilla.....	Pelaez rebels drive out Federals.....	R.	Universal, May 26.
June 7	Tanhujo.....	Rebels (bandits) rob pay launch.....	R.	Universal, June 7.
June 8	Naranjo.....	Federals defeat rebels.....	P.	Universal, June 17.
July 17	Alta Maria.....	Station burned by rebels.....	R.	Do.
Apr. 25	Tampico-Monterrey.....	Rebels interrupt railroad traffic.....	R.	Universal, Apr. 26.
June 25	Forlon.....	Rebels attack railroad station.....	R.	Excelsior, June 25.

<sup>1</sup> Items so marked may be especially interesting—translations segregated.

*Index to map of Mexican conditions as shown by Mexican newspaper reports—*  
Continued.

Approximate date of incident.	Town or locality.	Character or incident or outrage.	Responsibility.	Reference and date.
STATE OF TAMAULIPAS—continued.				
June 22	Ciudad Victoria.....	Rebels raid city.....	R.	Excelsior, June 26.
June 29	Tampico.....	Rebels (bandits) rob pay launch in Chijol Canal.	R.	Excelsior, June 30.
July 2	Potrillo.....	Rebels loot and burn town.....	R.	Universal, July 2.
July 3	Laguna de Taniahut.....	Pirates active among small boats.....	B.	Excelsior, July 30.
June 20	Santo Tomas.....	Launch robbed of 14,000 pesos.....	B.	Excelsior, July 3.
July 9	Tampico-Monterrey.....	Rebels active along railroad.....	R.	Excelsior, July 9.
July 8	Isasi.....	Rebels loot town, annihilating garrison.	R.	Excelsior, July 10.
July 12	Jimenez (approximate)...	Rebels force suspension of farm work; two small towns looted. <sup>1</sup>	R.	Universal, July 12.
July 19	Soto la Marina district....	Smugglers of ammunition active.....	B.	Excelsior, July 19.
July 12	San Fernando, Jimenez, Cruillas, Burgos, Mendez, San Nicolas, and Tampico.	Rebel activities increase.....	R.	Excelsior, July 12.
June 21	San Nicolas, and Tampico.	Carranza military officials arrested for robbery and criminal assault. <sup>1</sup>	M.	Universal, June 22.
May 3	Tampico (approximate)...	Italian diplomat assaulted and robbed en tour.	B.	Universal, May 4.
June 19	Colonla Station.....	John Corral killed and wife raped in raid by rebels.	R.	Excelsior, June 29.
July 21	Tampico.....	U. S. S. Cheyenne launch and party robbed. <sup>1</sup>	B.	Excelsior, July 21.
TERRITORY OF TEPEC.				
June 2	Tepec.....	Federals and rebels clash.....	R.	Universal, June 8.
June 30	Rosa Morada.....	Rebels sack town.....	R.	Excelsior, July 13.
May 7	do.....	Rebels drive out Federal garrison.....	R.	Universal, May 22.
STATE OF TLAXCALA.				
May 10	Apizaco.....	Rebels raid plantation.....	R.	Excelsior, May 13.
May 2	do.....	Rebels destroy railroad.....	R.	Excelsior, May 22.
June 25	Huamante.....	Rebels sack town.....	R.	Excelsior, June 26.
June 14	Santa Maria-Apizaco.....	Rebels fire on train.....	R.	Universal, June 17.
Apr. 27	Panzacola.....	Rebels attack station.....	R.	Universal, Apr. 30.
STATE OF VERA CRUZ.				
Apr. 19	Palmar.....	Railroad fortified against continuous rebel raids.	R.	Universal, Apr. 19.
Apr. 18	Barranca de Cuates (approximate).	Rebel leader Alvarez captured in fight..	R.	Universal, Apr. 21.
Apr. 24	Las Vigas.....	Rebels capture town; bomb and burn train.	R.	Universal, Apr. 25.
May 19	Omealco-Presidio.....	Felicitista rebels destroy railroad.....	R.	Universal, Apr. 30.
Apr. 30	Perote.....	Rebel dynamiter killed in fight with Federals.	R.	Universal, May 1.
May 7	Palmar.....	Veracruz-Jalapa railroad line cut.....	R.	Universal, May 9.
May 10	Salinas.....	Rebels kill 30 passengers in looting of train.	R.	Universal, May 11.
Do....	Joaquin.....	Veracruz-Sierra Blanca train dynamited.	R.	Do.
Do....	Tantoyuca.....	Fight between rebels and Federals.....	R.	Do.
May 14	Nautla.....	Rebels interrupt coastwise traffic.....	R.	Universal, May 20.
May 17	Tierra Blanca.....	Rebels dynamite train, killing 50 guards.	R.	Excelsior, May 20.
May 21	Tula.....	Federals raid rebel camp.....	R.	Universal, May 22.
May 22	Medellin.....	Rebels attack town; suspend railroad traffic.	R.	Universal, May 25.
May 23	Rio Blanco.....	Rebels pillage town.....	R.	Do.
Do....	Puerto Grande.....	Rebels attack town.....	R.	Do.
Do....	Chirimyo.....	Rebels and Federals clash.....	R.	Do.
May 14	Rumbo Nuevo.....	Federals defeat rebels.....	R.	Universal, May 15.
May 26	Sierra Blanca (approx.)...	Rebels attack train, killing a general..	R.	Excelsior, May 28.
May 25	Tejeria Station.....	Rebels attack train.....	R.	Excelsior, May 27.
May 21	Misantla.....	Captured by Felicitista rebels.....	R.	Universal, May 27.
May 27	Alta Luz.....	Rebels attack garrison.....	R.	Universal, May 29.
Do....	Malttrata.....	Rebels attack town.....	R.	Do.
May 30	Jalapaxco.....	Rebels under Arenas defeated.....	R.	Universal, May 30.
Do....	Punta Delcada.....	Gunboat fires on rebels.....	R.	Universal, June 3.
June 3	Veracruz-Jalapa.....	Rebels attack train.....	R.	Excelsior, June 6.
Do....	Colorado.....	Rebels dynamite train.....	R.	Do.
June 5	Jalapa-Palmar.....	do.....	R.	Excelsior, June 7.
June 4	Cordoba-Tierra Blanca.....	Rebels dynamite and burn train.....	R.	Do.
June 8	Chocoman.....	Federals and rebels clash.....	R.	Universal, June 9.
June 9	Tierra Blanca (approx.)...	Rebels attack train.....	R.	Universal, June 10.
June 10	Palmar-Colorado.....	Rebels bomb train.....	R.	Excelsior, June 12.

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*Index to map of Mexican conditions as shown by Mexican newspaper reports—Continued.*

Approximate date of incident.	Town or locality.	Character of incident or outrage.	Responsibility.	Reference and date.
<b>STATE OF VERA CRUZ—continued.</b>				
June 13	Rio Blanco.....	Railroad traffic interrupted (Veracruz al Istmo Railroad).	R.	Universal, June 13.
Do....	Palmar.....	Interoceanic Railroad cut.....	R.	Do.
June 10	Buena Vista Station.....	Rebels dynamite freight train.....	R.	Do.
June 12	Tecelo, Coteepoc, Xico.....	Towns attacked by rebels.....	R.	Excelsior, June 14.
June 19	Cordoba.....	City fortified against rebel attacks.....	R.	Universal, June 19.
June 26	Jalapa.....	Rebels pillage town.....	R.	Excelsior, June 29.
July 4	Medellin and El Tejar.....	Meat famine due to rebel raids.....	R.	Universal, July 4.
July 11	Minatitlan.....	Perez rebels loot and burn town; kill garrison.	R.	Universal, July 14.
July 13	Alvarado.....	Rebels capture 2 launches.....	R.	Do.
Apr. 21	Rio Blanco.....	Rebels capture town, killing 15 Federals	R.	Universal, Apr. 21.
July 17	Rancho Nuevo.....	(Near Rio Blanco) looted by rebels.....	R.	Universal, July 19.
July 11	Talcojalpa.....	Rebels repulse Federals.....	R.	Do.
July 17	Tuxtepec.....	Federals defeat rebels.....	R.	Do.
July 15	Cosmalloapan.....	Rebel raids.....	R.	Excelsior, July 15.
Do....	Jalapa.....	Rebels attack town.....	R.	Universal, July 17.
July 23	Orizaba.....	do.....	R.	Universal, July 23.
June 29	Jaltipan.....	Rebels loot town.....	R.	Excelsior, June 29.
June 5	San Miguel.....	Rebels dynamite, loot, and burn train..	R.	Universal, June 10.
<b>STATE OF YUCATAN.</b>				
July 13	Muna.....	Socialists shot without trial or deported l.	P.	Universal, July 13.
May 3	Panzacola.....	Rebels in vicinity.....	R.	Universal, May 4.
Do....	Zacatelco.....	do.....	R.	Do.
May 2	San Juan Teotihuacan.....	Bandits attack hacienda.....	B.	Do.
<b>STATE OF ZACATECAS.</b>				
Apr. 16	Concepcion del Oro.....	Rebels attack town.....	R.	Universal, Apr. 16.
Apr. 12	El Fraile.....	Rebels defeated.....	R.	Do.
June 3	Camacho.....	Station damaged by rebel raid.....	R.	Excelsior, June 20.
June 23	Canitas Station.....	Villistas burn bridge (railroad).....	R.	Universal, June 24.

\* Items so marked may be especially interesting—translations segregated.

# RECAPITULATION.

## Maps used:

Carta General de la Republica Mexicana, Secretario Fomento, 1910.  
 Railroad Map of Mexico, General Staff, U. S., 1915.

## Newspapers used:

Universal	Mexico City (items).....	313
Excelsior	Chihuahua city (item).....	1
El Herald	Chihuahua city (items).....	4
Correo del Norte	Chihuahua city (items).....	112
Number of days covered (Apr. 10-July 31, 1919).....		28
Number of States and Territories represented.....		317
Number of items indexed.....		272
Items involving rebel activity (according to Mexican news reports).....		15
Items involving bandit activities (according to Mexican news reports).....		15
Items involving military and police crimes (according to Mexican news reports).....		3
Items involving political crimes and violence (according to Mexican news reports).....		72
Railroad attacks and suspensions in 18 States.....		

In the interest of brevity the column fixing responsibility shows the first letter of one of the four groups, "R" indicating rebel activity, "B" indicating bandit activity, "M" indicating crimes by Carranza soldiers or police against civilians, and "P" indicating the political crime; all of which is explained in a footnote marked by an asterisk on the tabulation.

The fact that this map is based on reports in the Mexican newspapers is especially significant in view of the fact that the Carranza authorities about the 1st of June arrested and deported to the disturbed district of Chihuahua a group of newspaper editors whose publications had displeased the government by printing accounts of various disturbances and disorders.

Mr. KEARFUL. Referring again to the map, in the case of a continuing incident of outrage or disorder, extending over a period of several days, did you place a symbol for each separate day, or one symbol for the entire incident?

Mr. ANNIN. In a case of that kind one symbol would cover the entire incident. I can show you an instance of that kind, if you wish.

Mr. KEARFUL. Yes; proceed.

Mr. ANNIN. In the case of the railroad between Ciudad Juarez and Mexico City, particularly that part between Torreon in Coahuila and the city of Chihuahua, the railroad line was the scene of continuous disorders and interruption of traffic virtually throughout this entire period. Where the newspaper comments on the fact that traffic had been interrupted again for a period of 20 days, one entry has been made.

Mr. KEARFUL. One symbol would cover that?

Mr. ANNIN. Yes. While I can not be absolutely positive that there are no duplications or no overlapping, I do know that a great many doubtful incidents were thrown out through fear of duplication. In making the map I leaned backward in order to give the benefit of the doubt to the side of law and order.

Mr. KEARFUL. Do you consider the map as made up with those symbols a fair indication of the disorders published in the newspapers referred to and of the kind of disorders mentioned?

Mr. ANNIN. I consider it absolutely fair in so far as our information goes, but I know that a great deal of the disorder which occurred in Mexico in that period is not represented on the map, because incidents were not mentioned in the papers we had at hand and because we confined ourselves exclusively in making the map to such incidents as were shown in those papers.

Mr. KEARFUL. You had information of other disorders and outrages of the same kind from reports of private persons and other sources?

Mr. ANNIN. Oh, yes, sir; but while we did not discredit those, we did not put them on the map, because this purports to and does represent only such incidents as were shown in the Mexican press and only in that small part of the Mexican press that was available to me at the time.

Mr. KEARFUL. Is there any State in the Republic of Mexico, as shown by the map, according to those newspapers, which did not contain the scene of such disorders?

Mr. ANNIN. There is one State—Lower California—from which we had no reports of any nature at all.

Mr. KEARFUL. What, if any, political subdivisions on the map are there in which no such occurrences are noted from the information available?

Mr. ANNIN. The territory of Quintana Roo and Lower California.

Mr. KEARFUL. With reference to the railroads, what was the condition during that period as indicated by the symbols from the information mentioned?

Mr. ANNIN. The recapitulation on the map, which is appended to the tabulation which has been inserted, shows that in 18 States in that period there were 72 attacks on railroads and suspensions of traffic. Following the railroads on the map, it will be seen that with the ex-

ception of the railroad lines running from the City of Mexico to Nuevo Laredo, in Tamaulipas, no railroad has been immune from attack. The lines running from the City of Veracruz, Mexico's principal port of entry, have been subject to so many attacks that it would have been impossible, even with the restrictions imposed as to duplicating, to make all entries where they belonged on the railroad.

The principal line, and the only line, during that period where an attempt was made to maintain traffic from Veracruz to Mexico City—the line running from Veracruz to Cordoba, San Marcos, Apizaco, and Mexico City—was safer than any of the other two lines running out of Veracruz; but in spite of that it was lined with garrisoned blockhouses throughout the entire course, 1 kilometer apart; there were on that line approximately one dozen attacks shown. That was the railroad that all travelers landing at Veracruz and going to Mexico City were forced to use.

I may say that in that period I had occasion to take that trip, and that is why I can speak of the blockhouses, their garrisons, and the general condition of traffic from my own knowledge.

An interesting side light on the map in connection with the recent abduction of William O. Jenkins from the city of Puebla is that the map shows in the State of Puebla 34 disorders of the character indexed, and of these at least one-half were in the city of Puebla or the immediate vicinity, despite the fact that the city of Puebla is the second largest city in the Republic of Mexico.

Mr. KEARFUL. Is that all, Mr. Annin?

Mr. ANNIN. I do not think of anything else in connection with the map that is not shown by the map itself, which I leave with the committee, or by the tabulation which has been inserted in the record.

Mr. KEARFUL. The map will be placed on file and, if possible, will be produced in the record at the beginning of this hearing. The committee is very much obliged to you.

(Thereupon, at 11 o'clock a. m., the committee adjourned subject to the call of the chairman.)





# INVESTIGATION OF MEXICAN AFFAIRS.

TUESDAY, NOVEMBER 18, 1918.

UNITED STATES SENATE,  
SUBCOMMITTEE OF THE COMMITTEE ON FOREIGN RELATIONS,  
*Washington, D. C.*

Testimony taken at Washington, D. C., November 18, 1919, by Francis J. Kearful, Esq., in pursuance of an order of the Subcommittee of the Committee on Foreign Relations of the Senate.

## TESTIMONY OF MR. WALTER FLAVIUS McCaleb.

MR. KEARFUL. Mr. McCaleb, you have been subpoenaed to come before the committee to give it the benefit of your knowledge about the banking and financial situation in Mexico. The members of the committee being unavoidably absent, have authorized me, as counsel, to proceed with the examination. Please state your full name and address.

MR. McCALEB. Walter Flavius McCaleb, 261 Broadway, New York City.

MR. KEARFUL. What is your profession?

MR. McCALEB. That is difficult to answer. I suspect I have a small claim to being a writer and possibly a banker.

MR. KEARFUL. What experience have you had in the banking business?

MR. McCALEB. I have had about 10 years' practical banking experience. I have been a lecturer on money and banking in Columbia University. I served as vice chairman, active, of the Federal Reserve Bank of Dallas. I have published, as editor, an English edition of René Stourm's *Le Budget*, which is the last word on budgetary history of the European nations. I have written on various economic topics, particularly banking. A number of my articles have appeared in the leading magazines devoted to special fields.

MR. KEARFUL. What has been the extent of your actual experience in Mexico?

MR. McCALEB. I have made special investigations in Mexican finances, both public and private. I have in press a *History of Present and Past Banking in Mexico* and have finished a first draft of a *History of the Public Finances of Mexico*.

MR. KEARFUL. Have you been a student of Mexican history? If so, to what extent?

MR. McCALEB. I have. As a student in college I explored the Bexar archives and later spent considerable time searching through the *Archivo General of Mexico*. Also I have written a history of the Mexican War of 1848, which will appear some time during the coming year.

Mr. KEARFUL. For how long a period have you lived in Mexico?

Mr. McCaleb. I have known Mexico more or less intimately all my life. I have made several trips through the country. In the summer of 1898 I rode possibly a thousand miles on bicycle through the central part of the Republic. I lived in the City of Mexico for more than six months. During my various visits to Mexico I spent some weeks in Chihuahua and Aguascalientes, Queretaro, Leon, Monterrey, Monclova, and the capital itself.

Mr. KEARFUL. Are you well acquainted with the Spanish language?

Mr. McCaleb. I am. I have spoken it since a child.

Mr. KEARFUL. Are you able to converse freely in Spanish with the natives of Mexico upon any subject?

Mr. McCaleb. I am.

Mr. KEARFUL. What special investigation have you recently made in Mexico with reference to the history of banking and finances of that country?

Mr. McCaleb. I have searched through the official publications of the Mexican Government dealing with these two large branches. I have also spent some weeks in the capital, where I came in touch with Mexican Government officials, and on the basis of these researches I have prepared the two books mentioned above.

Mr. KEARFUL. When was this investigation made in connection with the officials of the Government?

Mr. McCaleb. My stay in the capital was in the early summer of 1918. At that time I met a number of Government officials and was afforded access to what materials they had available on the subject of banks and budget. I have continued my researches since that time in the compilation of the two books mentioned.

Mr. KEARFUL. Have you had communications with high officials of the Mexican Government since you left there?

Mr. McCaleb. Yes.

Mr. KEARFUL. And in reference to the same subjects?

Mr. McCaleb. Yes.

Mr. KEARFUL. Are you able to give a history of the origin and progress of the banks from the earliest times in Mexico up to the present?

Mr. McCaleb. I think I am.

Mr. KEARFUL. Will you begin by stating the situation of the country with respect to banking before the establishment of any actual banks and state the time?

Mr. McCaleb. When the Mexicans had gained their independence from Spain they naturally fell heir to such economic machinery as had been developed under the colonial régime. As concerned finances, this machinery was crude enough. There were no banking institutions in the modern sense of the term. There were practically no credit institutions of any sort, if exception may be made of the Monte de Piedad. There were in the country, however, two classes that advanced in small quotas credits of a sort. These were the merchants and the rescador. The merchants made their credit advances to the hac endado, or farmer. The rescador made his to the miner. This latter was in a sense a broker who received the silver output, disposed of it, repaid himself his advances, and turned over the residue to the miner.

Mr. KEARFUL. Please describe the function of the Monte de Piedad at the time of the Mexican independence.

Mr. McCaleb. The Monte de Piedad was a charitable institution, founded by Terreros, who at one time was a poor miner in the Republic. He amassed a great fortune, returned to Spain, became a noble, and set aside 300,000 pesos as the capital for the Monte de Piedad, which opened its doors in 1775. This institution at the outset loaned its funds without assessing an interest charge. On the repayment of loans the beneficiary usually left a gratuity which was presumed to cover the cost of operations. Later on this institution found it necessary to levy a charge on all loans and became in a sense merely a pawnbroking establishment.

As I have stated, these were practically the only classes of credit institutions which prevailed in Mexico prior to 1864, the date of the establishment of the Banco de Londres, Mexico y Sud America.

Mr. KEARFUL. Will you proceed now to describe briefly the banking institutions established from that time up to the time of the accession of Porfirio Diaz in 1876?

Mr. McCaleb. With the exception of the Banco de Londres, only one other small banking institution opened in Mexico prior to the accession of Diaz. That was the Banco Santa Eulalia, in Chihuahua.

Mr. KEARFUL. This Banco de Londres was a branch of parent bank in London, was it not?

Mr. McCaleb. Yes; it was. There was another branch of this same institution in Lima, Peru.

Mr. KEARFUL. Who were the founders of this Santa Eulalia Bank?

Mr. McCaleb. MacManus was the founder. It was at first a private bank.

Mr. KEARFUL. What was the nationality of the founders?

Mr. McCaleb. I understand MacManus was an American citizen. The name has been well known for years in Chihuahua history.

Mr. KEARFUL. And who were his associates in the business?

Mr. McCaleb. I can not say. I know that he had very considerable dealings with Americans doing business across the frontiers of Texas to Chihuahua.

Mr. KEARFUL. Under what laws did these two banks operate?

Mr. McCaleb. The Banco de Londres operated under no special law. It came into the country and was protocolized through a judicial act. The other bank was, as stated, for several years a private institution. Later it became a State institution properly authorized to do business by the legislature of Chihuahua.

Mr. KEARFUL. Will you proceed now with a brief history of the banks that were instituted from the time of the accession of Diaz in 1876 to the time of his second accession in 1884?

Mr. McCaleb. With the accession of Diaz and the comparative restoration of order in 1876 there began a development of banking interests which bore early fruit.

In 1879 the Monte de Piedad was granted the right to issue notes on a basis of ₧2 to ₧1 of metallic reserve. This institution at once became substantially a bank.

Prior to the retirement of Diaz in 1880, in his farewell statement he made reference to the great progress made by the Monte de Piedad and suggested a plan for a national bank. His suggestion was early followed by the actual granting of a charter, in 1881, to the Banco Nacional Mexicano; and the following year a charter

was granted to the Banco Mercantil, Agrícola é Hipotecario. Important arrangements were made with these two banks on the part of the Government. Certain credits were allowed the Government annually, which served as a sort of reserve against emergencies, and were, it may be stated, availed of to the fullest extent.

Also in 1882 a charter was granted to the Banco Hipotecario Mexicano. This was a mortgage bank, and the first in the Republic.

At the end of 1882 there were in operation the mortgage bank just mentioned, and five banks of emission, to wit, Banco de Londres, Banco Nacional Mexicano, Banco Mercantil, Banco Mexicano, and the Banco Minero, the last two having been founded in the years, respectively, 1878 and 1882, under the authority of the State of Chihuahua. There existed in Chihuahua still the Banco Santa Eulalia, which also had been and was a note-issuing institution, although under private management. In 1883, however, it also took on legislative warrant. We have thus displayed the phenomena of State banks and Federal banks developing in two groups, one in the far north and the later in the capital of the country.

While this banking development was taking place there was a large economic awakening throughout the country. As a matter of fact, there had been so rapid an advance that when the period of depression which swept the world in the early eighties reached Mexico certain symptoms of panic developed there also. In the spring of 1884 several incidents of importance occurred, to wit, the suspension of specie payment by the Monte de Piedad and the consolidation of the Banco Nacional Mexicano and the Banco Mercantil. These two institutions took the title of Banco Nacional de Mexico, and the capital was now fixed at ₧20,000,000, 40 per cent paid.

Mr. KEARFUL. What was the reason for the suspension of the Monte de Piedad?

Mr. McCALEB. Failure to maintain proper reserves against demand deposits and against note circulation. In short, this bank was not required under its charter to maintain reserves against deposits. When panicky times came, a run on the bank by depositors and note holders alike quickly exhausted its metallic reserves.

Mr. KEARFUL. The second accession of Diaz was in December, 1884, I believe?

Mr. McCALEB. Yes.

Mr. KEARFUL. Who was the President from the period of 1880 to 1884?

Mr. McCALEB. Manuel Gonzalez.

Mr. KEARFUL. What was the influence of Porfirio Diaz during that administration?

Mr. McCALEB. The influence of Diaz as a member of the cabinet, has been regarded as the dominant factor in the Gonzalez administration.

Mr. KEARFUL. Can you state the total amount of assets of the banks in operation at the end of the Gonzalez administration in 1884.

Mr. McCALEB. The total assets of the banks at the end of the Gonzalez period approximated ₧40,000,000.

Mr. KEARFUL. What was the security, apart from the Monte de Piedad, against the emission of notes by these banks?

Mr. McCaleb. These banks, under their charters, were permitted to issue ₧3 in notes against ₧1 of metallic reserves.

Mr. Kearful. Will you now make a brief statement of the progress of banking from December, 1884, the second accession of Diaz, to May, 1892, when Limantour came in as head of the treasury department?

Mr. McCaleb. With Diaz there came in Dublán as minister of hacienda (treasury). He was an active, capable man, and there at once ensued, under the stimulus of great economic development throughout the country, a period of intensive banking activities.

Mr. Kearful. To what sort of enterprise was this economic development due?

Mr. McCaleb. To foreign investors. These investments were directed largely toward railway building, the development of mines, agriculture, and industries, and also very considerable sums were invested in the capitals of banks.

Mr. Kearful. Have you a statement from official sources showing the total banking assets about the time of the entry of Limantour?

Mr. McCaleb. The statement of June 30, 1892, I have, which shows the total of banking assets as ₧94,462,197. This is of interest for the reason that it marks a definite period in the banking development of the country. No additional special charters were granted by the Federal Government from this date until the enactment of the general banking law of March 19, 1897.

Mr. Kearful. As marking another period approximating that date, have you a statement from official sources showing the total banking assets at the close of the year on June 30, 1896?

Mr. McCaleb. Yes. This is a date of interest for the reason that it shows a material development in the existing banks in the Republic over this period of four years. The totals are 122,606,410 pesos.

Mr. Kearful. Will you proceed now to describe briefly the essential features of the general banking law of March 19, 1897, and the various kinds of banks organized under that law?

Mr. McCaleb. The general banking act provided for three distinct types of banks, namely, (1) banks of emission (Banco de Emision). (2) mortgage banks (Banco Hipotecario), and (3) auxiliary banks (Refaccionario).

The first type of institution was designed to take care of the commercial business of the country, extending short-time loans to merchants, manufacturers, etc., and, in a sense, is comparable to the national banks of the United States.

The second type was planned to provide long-time loans based on real estate security.

The refaccion, or auxiliary, bank was expected to serve as an auxiliary, bridging the gap between the two other systems, providing reasonably short-time credits to merchant and farmer and miner.

Mr. Kearful. Which one or more of these classes of banks had authority to issue notes?

Mr. McCaleb. The first class.

Mr. Kearful. Upon what conditions?

Mr. McCaleb. Upon the condition that they maintained a metallic reserve of 50 per cent—that is to say, they could issue ₧2 of notes against ₧1 of precious metal in vault.

Mr. KEARFUL. Was that true of all the banks of emission at that time?

Mr. McCaleb. It was under the general act. The Banco Nacional and the Banco Nuevo Leon, which still enjoyed their original concessions in this respect, could issue ₧3 of notes to ₧1 of metallic reserves.

It may be added that these two latter institutions never availed themselves of the limits allowed.

The mortgage banks were permitted to issue bonds on real estate securities, but these never gained wide currency in the Republic.

Mr. KEARFUL. These bonds were never legal tender, were they?

Mr. McCaleb. No.

Mr. KEARFUL. What reforms of this original banking law were instituted, and when?

Mr. McCaleb. In 1905 a reform was initiated by Minister Limantour, dealing mainly with the segregation of the deposit accounts and the requirement of reserves against demand deposits. In 1908 a more important reform was initiated, which further affected the deposit accounts of the banks generally, compelling their segregation into demand and time deposits.

Mr. KEARFUL. That was the particular virtue in this requirement of segregating the different kind of deposits?

Mr. McCaleb. It enabled the examiners and the minister of Hacienda to check up more closely the actual status of the bank, particularly on the score of reserves.

Mr. KEARFUL. The failure to segregate such accounts and to maintain metallic reserves against demand deposits was the reason for the suspension of the Monte de Piedad in 1884, was it not?

Mr. McCaleb. Yes; the failure to maintain adequate reserves.

Mr. KEARFUL. What were these reforms you were about to mention?

Mr. McCaleb. One dealt with loans to directors and corporations and the other with the character of paper which these banks had been taking on. Some of them had been guilty of violating the regulations by absorbing too much long-time paper, which was a violation of the spirit and even the text of the law itself.

Mr. KEARFUL. And what about loans to directors?

Mr. McCaleb. Loans to directors were to be much more rigidly scrutinized and were to be limited in volume.

Mr. KEARFUL. Was there something about capital requirements, also?

Mr. McCaleb. Yes. An important amendment to the law required that in the future all banks of emission should have a minimum of ₧1,000,000 of capital rather than ₧500,000, as the general law prescribed.

Mr. KEARFUL. Have you a statement from official sources with reference to the total resources of the banks in Mexico at the time of this last reform you have mentioned?

Mr. McCaleb. Yes. The general assets totaled ₧761,000,000 in round numbers, and the capital and surplus had risen to ₧224,000,000.

Mr. KEARFUL. In 1905, at the time of the institution of the gold standard, what organization was established in connection with that law?

Mr. McCaleb. The Comision de Cambios y Moneda was established to equalize the exchanges, to maintain a parity as between gold and silver and as related to foreign exchanges in general.

Mr. KEARFUL. What was the basis of exchange that was maintained with reference to Mexican pesos and American dollars?

Mr. McCaleb. The Mexican peso, under the law of 1905, was bi-metallic. The gold peso weighed 75 centigrammes and was equivalent to 49.88 United States gold. The silver peso weighed 25 grams. This was the equivalent of the gold peso and correspondingly bore the same ratio as the gold peso to our dollar.

Mr. KEARFUL. In case of fluctuations in value between silver and gold, how was the parity maintained through the medium of this commission?

Mr. McCaleb. The commission was capitalized at ₧10,000,000. With this fund it was active in the markets. If there appeared a plethora of credits on foreign points in the markets it would buy, and in the event of excessive demand for foreign exchange it would sell. In this way it was able to maintain over a period of 15 years or more a practically steady market for the Mexican peso.

Mr. KEARFUL. That is substantially ₧2 for \$1?

Mr. McCaleb. Yes; substantially ₧2 for \$1.

Mr. KEARFUL. You gave the total resources of the banks in 1908. Have you a statement with reference to the growth of the auxiliary banks in the previous 10 years?

Mr. McCaleb. Yes. During that period these banks had increased their capital from ₧6,000,000 to ₧47,800,000, and their total assets had grown to ₧128,325,032.

Mr. KEARFUL. Will you proceed with a description of the organization and purpose of what was known as the Caja de Prestamos?

Mr. McCaleb. For many years Diaz and Limantour had realized the great need for a system of banks to aid the small farmer. They had striven on occasion to develop such a system. The problem had even been studied by several commissions duly appointed. In 1908, however, quite against their own plans, a single institution was organized by congressional warrant for purposes of making loans to farmers. This institution was called Caja de Prestamos para Obras de Irrigacion y Fomento. It was capitalized at ₧10,000,000, which was subscribed by some of the large banks of the country, although latterly this stock was largely unloaded abroad. It was also provided that the Government of Mexico should guarantee as to principal and interest all issues of bonds which might be floated by the said Caja de Prestamos.

Mr. KEARFUL. Was there any limit to the amount of bonds that might be interested?

Mr. McCaleb. As I recall it, there was no limit. As a matter of fact ₧50,000,000 of gold 4½ per cent bonds were issued and sold abroad.

Mr. KEARFUL. What were the operations of this institution with special reference to the carrying out of the purposes for which it was organized?

Mr. McCaleb. The actual operations of the Caja de Prestamos were very disappointing. The purpose of Diaz and Limantour had

been wholly defeated in that the Caja did not resort to making small loans to needy farmers throughout the Republic, but promptly loaned its funds in large volume to a comparatively few borrowers.

Mr. KEARFUL. Including the entire amount of ₱50,000,000 derived from the sale of the bonds?

Mr. McCALEB. Yes. The records show that 96 individuals borrowed from the Caja a total of ₱53,540,000. The largest single loan was made to an agricultural and colonizing company in a total of ₱5,283,000.

Mr. KEARFUL. Have you the name of that company?

Mr. McCALEB. I had.

Mr. KEARFUL. Do you know the individuals who control that company?

Mr. McCALEB. I have not the names of these men, but they are easily available.

Mr. KEARFUL. Do you have any knowledge of the probability of realizing upon the securities for these loans?

Mr. McCALEB. I have not, beyond what some of my friends, who are bankers in Mexico, have told me. I find that they are divided in opinion as to the ultimate realizations from these advances.

Mr. KEARFUL. Have you any knowledge as to the class of persons to whom these loans were made?

Mr. McCALEB. I have no special knowledge beyond the fact that my informants in Mexico City have said that they were made to the friends of the directing officials of the Caja de Prestamos, some of them high in the official circles of the Cientificos.

Mr. KEARFUL. I forgot to ask you about the Banco Central, organized in 1898. Will you give a statement affecting that bank?

Mr. McCALEB. Soon after the enactment of the general banking law in 1897 it was discovered that a serious element had been neglected in the development of the machinery. While provision had been made for the organization of so-called State banks, no arrangement had been made for a unification of the system, and almost at once the bank notes issued by some of the State banking institutions in the remote ends of the Republic were circulating at a discount in certain of the markets of the country. In order to correct this serious defect in the banking organism, a central bank was proposed, to be located in Mexico City. Its chief purposes were two: First, to act as agent in the redemption at par of all notes issued by State banks; secondly, to serve as reserve agent effecting certain discounts on occasion for the State banks. Indeed, the State banks were very vitally interested in the Banco Central, since of its ten millions of capital the State banks were to absorb such quota as to leave them in control of that institution.

The Banco Central Refaccionario was, therefore, to the State banking system presumably what a Federal reserve bank is to a special district in the United States—a clearing agency and a reserve agency. The Banco Central, however, was very defective in its organism for the reason that there were no reserve requirements placed on the member banks. They kept such balances with the Banco Central as they pleased, and were very often borrowers of that institution. This had been definitely provided for and was accordingly not a healthy situation, since the Banco Central did not



carry in its provisions the great and fundamental powers of the Federal reserve banks of the United States, to wit, the ability to expand and contract their credit requirements as the occasion demands. The Banco Central was, therefore, an extremely defective institution; the more the surprise since Limantour was truly a clear-headed banker. Doubtless had he been permitted to continue his work these shortcomings would have been remedied.

Mr. KEARFUL. What statement have you with reference to the resources and assets of the various banks in Mexico, approximating the time of the outbreak of the Madero revolution in 1910?

Mr. McCaleb. I have with me tables showing résumés of conditions on June 30, 1909. Tables are extant, however, covering the next two or three years.

Mr. KEARFUL. What was the condition shown by the tables you have?

Mr. McCaleb. For 1909?

Mr. KEARFUL. Yes.

Mr. McCaleb. The total assets of the banks of issue on June 30, 1909, were ₡736,191,398. The capital amounted to ₡118,800,000. There were notes in circulation totaling ₡92,221,477. There were demand deposits of ₡71,910,424.

For the auxiliary banks at the same date, there was exhibited a capital of ₡47,800,000, the total assets reaching ₡128,375,032.

For the mortgage banks under the same date, we find a capital of ₡10,000,000; total resources of ₡51,934,102.

Mr. KEARFUL. At the time of the outbreak of the Madero revolution in 1910, have you any information with reference to the indebtedness of the Madero family to the banks?

Mr. McCaleb. I have a statement made to me by a banker who sat in on a conference attended by the various creditors of the Madero family. I may not give his name, but I have reason to believe the statement to the effect that the Madero family owed the banks of Mexico approximately ₡8,000,000.

Mr. KEARFUL. From the time of the fall of Porfirio Diaz to the fall of President Madero, please briefly state the condition with reference to the progress of the banks. Just in a brief way, first, without giving the figures.

Mr. McCaleb. From the fall of Diaz through the Madero administration there were changes, to be sure, in the banking situation down there. They were not vital, one way or the other. The banks gained to some extent in assets, but were affected to some extent by the disquiet of the country at large.

Mr. KEARFUL. How were the banks affected after the fall of Madero in February of 1913 up to the time of the abdication of Huerta in July, 1914?

Mr. McCaleb. This was a vital period; but, first of all, the banks were directly affected by the revolution which tended to upset all economic arrangements. Business uncertainties developed, but the banks found themselves with increased deposits and slacker demand. They ceased paying interest on deposits, which exemplified the general relaxation. The difficulties of the government, however, were soon to be visited upon the banks.

Mr. KEARFUL. Just state what the difficulties of the government were and how the banks were made to respond.

Mr. McCaleb. Huerta, who had succeeded Madero, soon became embarrassed financially and called upon the banks to come to his assistance. He proposed to the banks that if they would advance him certain moneys he would modify the law requiring one peso in metallic against two pesos of notes to be extended to cover three pesos of notes. In this way, he brought the banks to take over bonds, which were a portion of the 20,000,000-pound issue authorized by the Madero Congress in 1912. Huerta was in this way able to finance himself for a time, putting in circulation approximately ₧45,000,000, in round numbers, of bank notes. He turned over to the banks ₧48,493,180 of government bonds.

Mr. KEARFUL. Was this ratio of three to one availed of by the banks at that time fully?

Mr. McCaleb. It was not.

Mr. KEARFUL. How did this operation affect the operation of the banks, if at all?

Mr. McCaleb. It did not vitally affect the operations of the banks. The decree of Huerta extending the limits fixed for circulation of notes was not in itself fatal to the banking institutions of the country. Much more important was the effect on the public at large.

Mr. KEARFUL. Go ahead and state what that was.

Mr. McCaleb. The demoralizations which were spreading ever wider of revolution were sending slowly a panic through the country.

Mr. KEARFUL. At this time the revolution of Carranza had been started and was growing in the North?

Mr. McCaleb. That is true; and on account of the dispensations of Huerta with respect to the banks and his declaring in a decree that the tostón, or 50-centavo piece, together with the bank notes of the country, should be legal tender for a year, disturbances were set in motion which were nearly fatal to business in general and to the equilibrium of the country.

On the other hand, the revolutionary disturbances in the North were playing their part in the disintegrating movements of the times. So far as banks were concerned, they were alarmed at the early reports which came in of Carranza's levying on all institutions in the occupied territory.

Mr. KEARFUL. What was Carranza's attitude toward the banks as registered by his acts from the beginning of his revolution?

Mr. McCaleb. In his circular dated December 6, 1913, he levied tribute on the banks in the State of Coahuila. Circular 8, dated February 18, 1914, set out that he had taken over in Nogales the branches of the Banco Nacional and Sonora. In Hermosillo he took over the Banco de Sonora and the branches of the Banco Nacional. Minero, and an agency of the Banco Occidental. Debtors to these institutions were ordered to suspend payments until these banks could be liquidated.

Mr. KEARFUL. What was done by Carranza and his forces with reference to banks at the time and subsequent to his entry into the capital in August, 1914?

Mr. McCaleb. As Carranza had advanced, in all cases, under severe penalties, banking institutions were forced to receive in payment of their bills receivable the fiat currency or the fiat paper currency of Carranza. When he reached the capital of Mexico, in

August, 1914, he carried with him bundles of fiat paper which was immediately put in circulation, and incidentally it may be said that all metallic coins of every description dropped out of sight.

Mr. KEARFUL. And the bank notes issued by the banks of emission—what happened to them?

Mr. McCALEB. They also disappeared, and I might add, showing further his disposition toward banks, on September 29, shortly after he entered the capital, Carranza ordered special inquiries to be made into the conditions of the banks throughout the country.

Mr. KEARFUL. What was the result of those inquiries?

Mr. McCALEB. During the winter and early in the spring a number of reports by his examiners were made showing the conditions of those institutions to be well within the limits of the law—not as modified by the Huerta decrees but as determined by the general act itself.

Mr. KEARFUL. You refer to an act passed long previously?

Mr. McCALEB. Yes; in 1897. As far as I have examined those statements I found that they measure up to the terms laid down.

Mr. KEARFUL. In the law?

Mr. McCALEB. Yes.

Mr. KEARFUL. What was the effect of the enforcement of this fiat money upon the banks of the country?

Mr. McCALEB. Being forced to receive in payment this fiat currency worked serious losses to the banks. This fiat paper fell in time to such a low price in the markets that it could be bought for insignificant sums. Debtors to banks naturally availed themselves of the opportunity to purchase this paper and paid their obligations to the banks. To illustrate, the Banco Nacional suffered losses of approximately ₧30,000,000 through transactions of this character; but it was able to recoup ₧7,000,000 of this loss through liquidating deposits with this fiat currency and through the purchase of its own notes with this cheap paper. In short, the Banco Nacional stood loser in the sum of ₧23,000,000, in round figures. If the other banks of the country suffered in similar measure, it may be estimated that the banks lost, in round numbers, probably ₧50,000,000. Indeed, this may be far under the losses actually to be traced to fiat currency operations.

Mr. KEARFUL. Will you now give a brief statement of the taking over of the banks and the appropriation of their metallic reserves by the Carranza government?

Mr. McCALEB. Over the summer of 1916 Carranza slowly saw the failure of his infalsificable currency schemes, which will be referred to later, and his financial situation was desperate. Finally, his fiat currency completely failed; the public would no longer accept it at any price whatsoever, and at once barter held sway and slowly silver and gold began to come out of hiding, and the country was again on a hard metal basis.

But the Government had no hard money, and taxes were slow to provide ways and means. On September 15 Carranza decreed that the charters of the banks of emission were abrogated.

Mr. KEARFUL. Is that September 15, 1916?

Mr. McCALEB. Yes, sir; and interveners for the Government were at once put in possession of these institutions.

Mr. KEARFUL. What was done with the metallic reserves of the banks?

Mr. McCaleb. The metallic reserves were immediately appropriated by the Government as their needs commanded.

Mr. KEARFUL. Have you a statement based upon official information as to the total amount of the metallic reserves that were so appropriated?

Mr. McCaleb. I have. Up to September 30, 1918, the Carranza government had borrowed from the banks ₧53,162,933.95.

Mr. KEARFUL. This amount was all taken in gold and silver, was it not?

Mr. McCaleb. Yes.

Mr. KEARFUL. And in the process of liquidation what became of the money collected by the interveners of the Government?

Mr. McCaleb. As funds have been collected the statements supplied me by the Carranza officials will show that they have been diverted to Government uses. For example, two statements supplied me, as of February 28, 1918, and September 30, 1918, show that the Government has received from these banks as between these dates ₧3,350,716.95.

Mr. KEARFUL. Did you, in the progress of your investigation in Mexico City, receive any statement from officials of the treasury department of the Government justifying their acts in reference to the liquidation of the banks and the borrowing of metallic reserves?

Mr. McCaleb. Yes.

Mr. KEARFUL. By whom was that statement made?

Mr. McCaleb. By Señor J. G. Camacho.

Mr. KEARFUL. What was his position?

Mr. McCaleb. Chief of the department of banks.

Mr. KEARFUL. Who was the minister of the department of the treasury?

Mr. McCaleb. The acting minister was Rafael Nieto, and the statement, I may add, supplied me by Camacho was authorized by Nieto.

Mr. KEARFUL. Have you a correct translation of that statement in English?

Mr. McCaleb. I have.

Mr. KEARFUL. Will you produce it for the record, please?

Mr. McCaleb. Yes.

(Witness produced a paper which he handed to Mr. Kearful.)

Mr. KEARFUL. The statement referred to will be inserted in the record at this point.

(The statement referred to is here printed in full, as follows:)

The notes contained in the chapter entitled "Banking" of the work, *What is the Revolution?* (*Que es la Revolucion*), written by Señor Don Antonio Manero—and which notes I believe will be considered reliable—display with great clearness the fundamental defects of the organization of the institutions of credit in the Mexican Republic, which defects may be synthesized thus: Privileges illegally granted, bad management, and very bad investments.

In fact, both the General Law of Institutions of Credit in force during the régime of Gen. Díaz and the concession contracts of the banks of issue were promulgated and granted in flagrant violation of our constitution of 1857, which provided definitely that no private concern shall enjoy privileges.

The banks in all their business operations were exempt from the payment of federal, local, and municipal taxes, and in order to foreclose their debtors

they were not obliged to go to the courts of the Republic, but could accomplish that without the intervention of the judicial authorities.

All law must be considered as unconstitutional—even though it may have been decreed by the legislative houses of the union—when it exceeds the powers and prescriptions defined by the Constitution [Carta Fundamental].

The Huerta Government—denied needed resources by foreign countries through the decisive influence of nonrecognition by the United States—found it necessary to have recourse to the natural resources of the country and obtained from the banks a loan of about \$40,000,000; through granting to them the right of raising the ratio of issue from two-to-one to three-to-one, without increasing the reserve. It declared bank notes, their own issues, legal tender throughout the Republic, which initiated the depreciation of the fiduciary paper.

The revolution, triumphant and carrying into practice its principles of justice, and cognizant besides of the fact that upon the banks was founded the power of the conservative classes which had directly supported the Government of Gen. Diaz, and which had overthrown the constitutional administration of Senor Madero, and elevated Huerta by the coup d'état of February—there was issued a series of laws tending to modify the banking organization in the Republic and to establish it upon the basis of justice, in order that it might fill its true mission in the life of the people.

Under date of September 29, 1915, it was ordered that the banks should adjust their circulation according to article 16 of the General Law of Institutions of Credit.

None of the banks could comply with the provisions of the above-mentioned regulation, and as the decree by the Huerta Government was illegal—on account of that administration having come into being, not by the will of the people, but through crime and force—the failure of the banks to adjust themselves to what the laws provided would have warranted the Government in declaring the confiscation of their concessions.

On analyzing the problem more deeply, it is to be seen that such concessions were subjected to defects in their origin, as stated before; and such was the foundation of the decree of September 15, 1916, by which the General Law of Institutions of Credit was declared abrogated and the concessions of the banks of issue declared null and void.

On formulating such regulation, consideration was given that the notes in circulation in the hands of the public should be guaranteed in some way, as well as the deposits which the public had confided to the institutions of credit.

These two conditions demanded the intervention of the public authorities in the banks of issue, so that those two matters should have attention in such manner that the interests of the public should not be prejudiced.

It seems unnecessary to emphasize the fact that the bad situation of the banks does not arise in any manner from the revolutionary movement or from the laws decreed by the latter, for such a state of affairs originated in the régime of Gen. Diaz, from causes which may be ascertained and to which I have previously referred.

The decree of December 14, 1916, having been promulgated, the Government intervened in the banks, and its concern with the institutions of credit has not been other than to procure by all possible means the conservation of the interests of the public performing all those operations which looked to the evading of a crisis and to facilitating the liquidation of the banks referred to. Such work has been very difficult, for, owing to their previous bad management, their portfolios are stuffed with unrealizable securities which have depreciated and which in reality do not represent even 30 per cent of the values at which they are carried on the books.

The bankers maintain that they saw themselves forced to accept great quantities of fiat paper in payment of their loans; but they do not admit that they were the direct cause of the depreciation of the issues put out by the Government, nor do they refer to the great quantities of their own notes bought with the other issues at truly ridiculous prices, as well as the many deposits which they liquidated at par in the same currency.

The legal regulations, upon which are based the acts of the Government, are included in the collection of decrees which I inclose with this short memorandum. Before concluding, I will permit myself to add that it is a matter already extensively debated and practically decided that the system of plurality of banks of issue is less efficient than one centralizing the matter of emissions.

Such an error in our banking system was recognized by Limantour himself, its founder, and in 1908 he tried to correct it by the issuance of a modificatory

law of the General Law of Institutions of Credit, aiming to bring about the transformation of the banks of issue into refaccionario banks, and looking toward the end that the Banco Nacional should be the only bank of issue in the country. Such result could not be realized.

As the present Government of Señor Carranza is sure of the justice and honesty of its proceedings, all the data will be furnished to you that you may judge pertinent or necessary for the publication of your work.

Necessity is the supreme law; for the public affairs of the nation the Government saw itself under the necessity of disposing of part of the metallic reserves of the banks of issue; but such sums will be paid over by the Government without loss to the institutions of credit.

This sum amounts to \$49,812,217.16, as you may see for yourself by the consolidated general balance which is supplied you.

Said quota as supplied by the banks are considered in their balances as cash on hand, now that the nation is responsible for them.

**Mr. KEARFUL.** In the beginning of this statement the author refers to a book entitled, "What is the Revolution?" by Antonio Manero, which he considers reliable. Who, if you know, was Antonio Manero?

**Mr. McCALEB.** He was formerly an employee of the Banco Nacional.

**Mr. KEARFUL.** What was his record as to reliability?

**Mr. McCALEB.** Bad, according to my understanding; and certainly he is not a student or economist.

**Mr. KEARFUL.** In the second paragraph of the statement the author asserts that the charters of the banks of issue were in flagrant violation of the constitution of 1857, which provided that no private concern shall enjoy privileges; and, further on, he justifies the act of the Government in annulling the bank charters and the general banking law on the ground that those charters and the law were unconstitutional.

What, if any, information have you with reference to statements made by Rafael Nieto, the acting minister of the department of the treasury, with reference to that point?

**Mr. McCALEB.** In an interview, reported in *El Pueblo* as of May 3, 1918, Nieto said:

In effect, of the 26 banks of emission and auxiliary in the Republic 20 must be declared in bankruptcy, since their assets will not cover by wide margins their liabilities, even though the Government should pay immediately and in full its obligations to them. Three of the remaining banks are not in a bad condition, but their capital is so small that they can be of little support in the organization of a new system of credit. The other three banks, although they may be able to cover their liabilities, taking into account what the Government owes them have lost nevertheless almost wholly their capital.

**Mr. KEARFUL.** In what respect do you regard that statement as being inconsistent with the position taken in the written statement made to you?

**Mr. McCALEB.** The statement to me declares that these banks were hopelessly insolvent and that they were operating in violation of the Constitution, which offered sufficient excuse for their being thrown into liquidation.

According to Señor Nieto's statement, at least six of them did not deserve to be thrown into liquidation unless this act had been taken under warrant of law and their unconstitutionality proven.

**Mr. KEARFUL.** What, if any, recent statement by President Carranza appears to be in conflict with the proposition that those banks were operating in violation of the Constitution of 1857?

**Mr. McCALEB.** In the President's message to Congress, this year, he stated, with respect to banks:

As yet the law has not been passed to which the final liquidation of the banks of emission and the auxiliary banks shall be subjected. Consequently the legal state in which these institutions find themselves is the same that prevailed a year ago.

**Mr. KEARFUL.** In this same message President Carranza refers to the fact that negotiations have been carried on looking toward permitting the banks of emission, whose financial condition appears satisfactory, to have such facilities as they may need to liquidate themselves or, he continues:

They may continue to operate as institutions of issue.

Is it not apparent to you that a proposition to negotiate in order that the banks of emission may continue to operate as institutions of issue is inconsistent with the proposition made to you that as institutions of issue they were operating contrary to the Constitution?

**Mr. McCALEB.** Yes; it strikes me as an inconsistency.

**Mr. KEARFUL.** He further said in his message that—

"The result of these negotiations is on the whole favorable to the public interest and to trade, and the conditions will permit sound banks to again begin their operations.

Is it possible to reconcile the proposition of permitting such of the banks as were sound to again begin their operations if their operations since their inception had been contrary to the Constitution?

**Mr. McCALEB.** It does not seem logical to me.

**Mr. KEARFUL.** In another paragraph of the statement made to you, which has been referred to, the author said:

The banks maintain that they saw themselves forced to accept great quantities of fiat paper in payment of their loans, but they do not admit that they were the direct cause of the depreciation of the issues put out by the Government.

Do you think it is correct that the banks were the direct cause of the depreciation of the issues put out by the Government?

**Mr. McCALEB.** I do not. I think it wholly incorrect.

**Mr. KEARFUL.** What was the direct cause of the depreciation?

**Mr. McCALEB.** There were several causes, and they are perfectly understood. There are certain laws which affect the circulation of fiat paper currency which are well known and understood. No country has succeeded in keeping a fiat currency in circulation without having to provide for definite metallic redemptions; and the Carranza Government having issued wholly a fiat currency, with no metallic reserves, and in interminable volume, could not have expected any other result than that eventually it would be so much worthless paper.

**Mr. KEARFUL.** Would it not then be correct to say that the Carranza Government which has taken that course was the direct cause of the depreciation, rather than the banks?

**Mr. McCALEB.** In my opinion that is quite correct.

**Mr. KEARFUL.** Is it not true that the banks were victims of this operation?

**Mr. McCALEB.** They were undoubtedly victims of circumstance, and suffered losses accordingly.

Mr. KEARFUL. The statement made to you by Camacho and Nieto goes on to insinuate that the banks benefited through the depreciation of those issues of fiat money because of—

the great quantities of their own notes bought with the other issues at ridiculous prices as well as the deposits which they liquidated at par in the same currency.

What can you say with reference to the correctness of that statement?

Mr. McCaleb. As stated above in my testimony, the records, so far as I have been able to uncover them, appear to disprove this insinuation. In short, the banks suffered very material loss through the fiat currency operations.

Mr. KEARFUL. You did state that the banks of issue were able to recoup by being able to buy in their own notes at a discount, and also to liquidate a part of their deposits in this depreciated currency. Did the advantages of these two classes of operations equalize the losses which the banks suffered by reason of having forced upon them the depreciated currency?

Mr. McCaleb. Not according to my information.

Mr. KEARFUL. For instance, you stated that according to your information the Banco Nacional had suffered loss to the extent of 30,000,000 pesos, and that it had been able to recoup through purchases of its own notes and liquidation of deposits in depreciated currency to the extent of about 7,000,000 pesos.

Mr. McCaleb. Yes; that is true. It would be necessary, I may say, to see the balance sheets of these institutions before any final tabulation can be made as to final results.

Mr. KEARFUL. The statement made to you refers also to the inefficiency of a system of plurality of banks of issue and contemplates the establishment of a single bank of emission. What can you say, if anything, with reference to the progress of the project of establishing a single bank of emission in Mexico by the Carranza Government?

Mr. McCaleb. The constitution of 1917 provides for a Banco Unico, which shall be a bank of emission. Arrangements were made for the inauguration of this bank last spring a year ago. The notes had been printed, but nothing further has been done, for the reason that the Government has not been able to mobilize metallic reserves sufficient to enable it to open its doors.

Mr. KEARFUL. What difficulties has the Government encountered, if you know, with reference to the establishment of an adequate metallic reserve for such a bank? Has the Government made any attempt to borrow the money?

Mr. McCaleb. I understand the Government has made two or three serious efforts, not only in the United States but abroad, to borrow funds, some of which I understand were to have been dedicated to the purpose of financing the Banco Unico.

Mr. KEARFUL. Mr. Lill, in testimony previously given before the committee, makes the statement that the yearly income of the Mexican Government at the present time is about 130,000,000 pesos. Why is it that a sufficient portion of that income could not be utilized to establish a metallic reserve for such a bank or arrange for the flotation of loans to secure such metallic reserve?

Mr. McCaleb. If any such sum as 130,000,000 pesos per annum is raised in Mexico at the present time through taxation, or what not,



the Mexican Government admittedly confesses it is insufficient to pay current accounts; much less can it hope to set aside any portion of its revenues for the purpose of creating metallic reserve for its Banco Unico.

Mr. KEARFUL. What do you mean by current accounts?

Mr. McCaleb. Its current expenses, the payment of its soldiers, its schoolteachers, the payment even of the employees of the hacienda. When I was in Mexico in May, 1918, on one day, especially, I remember there was a great furor in the national palace, and I discovered that the employees of the hacienda were clamoring for a portion of their salaries.

Mr. KEARFUL. Does not the Mexican Government also confess inability to pay any of the interest on its indebtedness?

Mr. McCaleb. It does.

Mr. KEARFUL. Are you informed as to whether the Carranza Government has ever paid any interest on any of its indebtedness or any of the depositors of the banks or the creditors of the banks from which it has taken the money, or anything to the stockholders of those banks?

Mr. McCaleb. So far as my knowledge extends, the Carranza Government has paid nothing on its outstanding funded obligations; except, I think, I may qualify this by saying that according to report it has made three small payments to the bondholders who converted their Veracruz currencies under the special decree calling for their retirement. They were very insignificant.

Mr. KEARFUL. Can you state the amounts paid?

Mr. McCaleb. The total for the three payments amounts to less than 3,000,000 pesos.

Mr. KEARFUL. Have you any idea that the Carranza Government would be able in any way to secure a sufficient metallic reserve for the establishment of the bank mentioned?

Mr. McCaleb. I do not think so. As further evidence of this apparent discouragement on the part of the ruling régime in Mexico, the project for the Banco Unico and the project for a general banking system covering institutions of credit have been recently withdrawn from the Congress.

Mr. KEARFUL. The statement made to you by Camacho and Nieto refers also to the fact that there existed a large amount of unrealizable securities in the possession of the banks which had very largely depreciated. What have you to say with reference to the responsibility in general for the depreciation of the securities of banks?

Mr. McCaleb. It is not surprising that the banks should find themselves loaded up with slow and neglected paper, due to revolutionary conditions.

Mr. KEARFUL. Do you think, then, on the whole, that the revolutionary conditions were more responsible than bad management for this condition?

Mr. McCaleb. I do.

Mr. KEARFUL. What might have been bad management in the view of the revolution would have been perfectly good business if the country had remained in a state of order; is not that true?

Mr. McCaleb. I think it is. It seems to me that such a proposition is self-sustaining, that it is perfectly conceivable that a chattel mortgage on a herd of cattle made under normal conditions was

what might have been considered a good loan. Under revolutionary conditions this security completely disappears. Result: A bad loan, or a loan, at all events, requiring attention and husbanding under normal conditions.

Mr. KEARFUL. If disorder continues, the security for a loan of that kind absolutely disappears, does it not?

Mr. McCaleb. It is very likely to; and the moral and other responsibilities of the maker may be lost entirely.

Mr. KEARFUL. What you have stated in reference to a chattel mortgage on a herd of cattle is generally true, is it not, with reference to all chattel mortgages and also personal indorsements?

Mr. McCaleb. That is measurably true. Also it might be added that when loans are secured by deposit of stocks and bonds, these stocks and bonds may through revolution be terribly affected through the destructive processes.

Mr. KEARFUL. If, for instance, a manufacturing establishment that had issued stocks and bonds was looted and destroyed, such stocks and bonds would become practically worthless except in so far as there might be liability for such destruction. Is not that true?

Mr. McCaleb. Yes; as I conceive it, it is true.

Mr. KEARFUL. In the face of such a destruction, leaving perhaps a doubtful claim only to be resorted to, certainly nothing could be realized or presently realized upon such stocks or bonds; is not that true?

Mr. McCaleb. That is quite true, until reconstruction processes have set in.

Mr. KEARFUL. In a situation of that kind it would be impossible for banks holding such securities to realize upon them for the purpose of maintaining their reserves; is not that correct?

Mr. McCaleb. As I understand it, that is true.

(Whereupon, at 5.25 o'clock p. m., an adjournment was taken until to-morrow, Wednesday, November 25, 1919, at 11 o'clock a. m.)

# INVESTIGATION OF MEXICAN AFFAIRS.

TUESDAY, NOVEMBER 25, 1919.

UNITED STATES SENATE,  
SUBCOMMITTEE ON FOREIGN RELATIONS,  
*Washington, D. C.*

Testimony taken at Washington, D. C., November 25, 1919, by Francis J. Kearful, Esq., in pursuance of an order of the Subcommittee of the Committee on Foreign Relations of the Senate:

## TESTIMONY OF MR. WALTER FLAVIUS McCaleb—Continued.

Mr. KEARFUL. At the last session you referred to President Carranza's statement that negotiations were in progress looking to the resumption of operations by some of the banks whose charters had been revoked on the ground that they had been operating under charters and laws contrary to the Constitution. Have you any further information with reference to the resumption of operations by any of those banks?

Mr. McCaleb. I understand that the Banco Nacional has been permitted to resume exchange operations, which probably presages a more liberal attitude on the part of the Government.

Mr. KEARFUL. And such operations are conducted by the Government officials in charge of the bank, are they not?

Mr. McCaleb. That is ultimately true. The Government interveners must O. K. all transactions.

Mr. KEARFUL. The profits derived from such operations are appropriated by the Government, the same as other assets of the bank, as they come into the hands of the officials?

Mr. McCaleb. If past experience can be accepted as affording criteria for judgment, then I should say that would be the result of all operations undertaken by banking institutions, so long as they remain in the hands of the Government.

Mr. KEARFUL. You do not understand, do you, that this bank is permitted to purchase its notes, which are at a large discount in the market?

Mr. McCaleb. The bank has not been permitted to undertake independent operations in any direction. As for purchasing its notes in the open market, first of all, it has had no funds wherewith to make such purchase. As indicated in an earlier answer, according to the statements issued by the Government, it is shown that as rapidly as moneys are accumulated, through whatever device on the part of the bank, they are absorbed by the Carranza Government.

Mr. KEARFUL. I should like to have you make a comparison of the condition of banks at the time of the fall of Huerta and at the present time, beginning with the shrinkage of assets.

Mr. McCaleb. The total of assets for banks of issue as of June 30, 1914, reached ₧731,546,377. The total assets admitted as of September 30, 1918, were ₧396,414,070.

Mr. KEARFUL. Admitted by whom and in what manner?

Mr. McCaleb. Admitted by the present Government in a statement prepared by the department of banks and sent to me by Señor Camacho, the chief of that department. I ought to explain, however, that the totals of two banking institutions are not included in the statement, which would make a difference of a few million pesos.

Mr. KEARFUL. What two banks are those referred to?

Mr. McCaleb. The Banco Minero, of Chihuahua, and the Banco de Sonora. The latter bank has made no statements to the Mexican Government for a number of years, for the reason that it managed to escape over the border into Arizona with its metallic assets and with its portfolios, and since that time it has been doing business under an Arizona charter. As for the Banco Minero, no report is indicated from it in the two specially prepared statements given to me by the department of banking in Mexico.

Mr. KEARFUL. How do you account for that?

Mr. McCaleb. Perhaps it may be explained through the isolation of the parent bank. I know no fully satisfactory reason for this state of affairs.

Mr. KEARFUL. What was the total of the assets of these two banks according to the last statement available?

Mr. McCaleb. According to the detailed statement published as of June 30, 1914, the Banco Minero had assets of ₧24,997,483.96. This total, of course, would be subject to the same shrinkage as the others; that is, it would be reduced about half, if the assets of this institution have dwindled as have the assets of those banks which are reported by the Government.

Mr. KEARFUL. You are speaking as of June 30, 1914?

Mr. McCaleb. Yes.

Mr. KEARFUL. And not referring to the shrinkage as of the present time?

Mr. McCaleb. No; I am referring to the shrinkage as between the dates June 30, 1914, and November, 1919.

The Banco de Sonora had assets in June, 1914, of ₧13,299,887.11. Of course, as to this bank the Mexican Government has no knowledge, hence no statement is made of its assets as of the present time.

Mr. KEARFUL. Proceed with the comparison with reference to the capital and surplus of the various banks.

Mr. McCaleb. In June, 1914, the capital of the banks of issue totaled ₧115,525,000. The surplus amounted to ₧44,127,188.24.

The total capital and surplus of the banks of issue, the auxiliary banks and the mortgage banks amounted to ₧205,194,287.

As compared with this, the capital admitted as of September 30, 1918, of the banks of issue is ₧109,205,000. The surplus funds amount to ₧38,992,409.

The statement of September 30, 1918, shows notes in circulation totaling ₧123,728,820.50.

There is before the Government the problem of rendering account to the depositors, to the stockholders and to the noteholders of a definite stewardship. That the Government has assumed a direct liability to these three classes of people there can scarcely be a doubt.

It has taken over the banking institutions ostensibly with a warrant of law. After three years in which liquidations have proceeded to some extent, the Government is brought to the point of making the pronouncement that at least some of the banking institutions may resume their functions.

Mr. KEARFUL. Speaking of the resumption of operations, does that mean that the Government is prepared to restore the metallic reserves and make good the assets that have been collected and appropriated?

Mr. McCaleb. I think as a matter of fact at the moment it would be impossible for the Government to restore the moneys which it took from the vaults of the banks; nor do I think it possible for these institutions to resume their full functioning until these reserves have been restored; and besides, certain moratoria would need for a time to be maintained with respect to deposits, redemption of notes, etc.

Mr. KEARFUL. Have you heard of any proposition by the Government to restore the reserves for the purpose of enabling the banks to proceed?

Mr. McCaleb. Nothing definite. There has been some talk among officials about permitting the banks to resume business, but the Government has been helpless in the matter of restoring to the banks the reserves which they took away with the explanation that they were appropriated in order to guarantee the redemption of the notes in circulation.

Mr. KEARFUL. Is it not true that the current expenses of the Government far exceed its total revenues from all sources?

Mr. McCaleb. It is true in my opinion.

Mr. KEARFUL. Is it not also true that the Mexican Government has made several attempts to borrow money for banking purposes and has been unable to do so?

Mr. McCaleb. That is my understanding, and I think I have somewhere stated that under present conditions it would be impossible in my opinion for the Mexican Government to borrow money from any legitimate banking source.

Mr. KEARFUL. Will you please proceed with a statement, if you are able to do so, in reference to the probable amount of liability of the Mexican Government to the banks, their shareholders, noteholders, and depositors.

Mr. McCaleb. The position I take with respect to the losses engendered through Government intervention in the realm of banks must deal in the main with generalities, so far as losses are concerned. I think that both in morals and in law if it can be shown that the Mexican Government unlawfully took over the banking institutions of the country, depleted the metallic reserves, and held these institutions for three years or more in complete subjugation to the will of the Government, that the Government must perforce have assumed a liability to noteholder first of all, to depositor, and lastly to stockholder. To the latter undoubtedly will be due an accounting for his capital invested as well as for dividends covering the intervened years, and also an accounting for the destruction wrought in the going values of these institutions. Just what these totals may work into no one can say. That depends on the assets remaining in the banks and with what degree of intelligence they are liquidated.

But certainly, in all good faith, the Government must see that the noteholders are paid at par, that the deposits are liquidated at par, and that the shareholders shall be fully reimbursed.

The notes outstanding in the last statement available as of September 30, 1918, totaled ₡123,728,000; deposits, ₡41,000,000; capital and surplus, ₡148,025,000.

Besides these data the capital of the auxiliary banks amounts to a total of ₡28,200,000, surplus of ₡700,000, deposits of ₡19,000,000, bonds outstanding as of June 30, 1914, ₡7,000,000. If we allow for the going values of these institutions, that figure, based on previous earnings, can be conservatively estimated at ₡50,000,000.

This would give a grand total of assumed liabilities of ₡438,900,000.

As an offset to this amount the Mexican Government would have the assets of the banks, which it has estimated officially to be worth not in excess of 30 per cent of their face values. If the Mexican estimate is correct and the total assets of the institutions can be liquidated for not more than ₡188,400,000, the Government stands to lose through its interference with the banks approximately ₡225,000,000.

MR. KEARFUL. Do you know of a statement made by President Carranza with reference to the amount of outstanding bank notes and the amount at which they might be taken up?

MR. McCALEB. Yes; he referred to this in his message to Congress of September, 1918, giving a total of the outstanding bank notes, which at that time approximated ₡126,000,000. He remarked that these could be bought in the market for approximately ₡25,000,000.

MR. KEARFUL. Have you made a study of the budgetary operations of Mexico from the earliest times?

MR. McCALEB. Yes; I have.

MR. KEARFUL. Have you an authoritative statement with reference to the financial conditions of Mexico under Spanish rule?

MR. McCALEB. Yes; I have.

MR. KEARFUL. What does that statement show with reference to receipts and expenditures?

MR. McCALEB. That statement shows that the net revenues of Mexico for an average year amounted to ₡8,855,402; that there were exported ₡3,011,664; leaving to cover the costs for the operations of the Government of Mexico ₡5,843,738.

MR. KEARFUL. Were the expenses of the Government more or less than the amount designated for that purpose?

MR. McCALEB. The experience of the Colonial Government over many years showed that the revenue collected had been ample to cover the costs of the administration, and, besides, a substantial quota was exported.

MR. KEARFUL. What was the condition of revenue and governmental expenses beginning with the revolution of Hidalgo in 1810?

MR. McCALEB. For several years following 1810 there was the utmost confusion throughout the country. The budgetary statements are fragmentary. In 1819 the country was almost pacified and there was nearly a return to the earlier conditions. However, things turned for the worse, culminating in 1821 in the achievement of the independence of the country.

In 1822, however, we find the Mexican Government struggling with its budget. That year they reported revenues at ₧9,328,740, with expenditures of ₧13,455,377.

Mr. KEARFUL. From that time forth when was the first year in which the revenues exceeded the expenses of the Government?

Mr. McCALEB. In answer to that question I may say that the budgetary equilibriums were not restored in Mexico until 1895.

There was a point I wish to call your attention to in connection with the budget for 1822. There was entered in the expenditures, covering the war and Navy for that year, a total of ₧9,430,790, an item almost double the costs covering the whole of the administration of Mexico under the Spanish régime. And I may answer that during the subsequent years down to the time of Porfirio Diaz the appropriations in this division of the budget were excessively large as compared with the total of expenditures.

Mr. KEARFUL. Was there ever a time from 1822 to the time of Porfirio Diaz when the revenues of the country were sufficient to meet its current expenses?

Mr. McCALEB. Probably not, if one excludes from the sources the extraordinary elements, such as anticipated taxes and enforced loans.

Mr. KEARFUL. In what year did the budget show a net balance in favor of the Government for the first time after 1822?

Mr. McCALEB. For the fiscal year ending June 30, 1895.

Mr. KEARFUL. For how long did that condition continue?

Mr. McCALEB. That condition continued down to June 30, 1913.

Mr. KEARFUL. You might give the figures for June 30, 1895.

Mr. McCALEB. The budget totals for the fiscal year ending June 30, 1895 were on the revenue side ₧43,945,699, and on the expenditure side ₧41,372,265, leaving a net credit balance of ₧3,706,387.

Mr. KEARFUL. Now, give the totals for the fiscal year ending June 30, 1913.

Mr. McCALEB. On the revenue side we have ₧109,257,500; on the expenditure side we have ₧109,245,944.

Mr. KEARFUL. What were the totals shown for the fiscal year ending June 30, 1914?

Mr. McCALEB. In the revenue account we have ₧129,607,000; expenditures amounted to ₧141,156,332.

Mr. KEARFUL. What has been the budgetary condition since that date?

Mr. McCALEB. For the next year ended June 30, 1915, we have totals given from fairly responsible sources of ₧145,957,000 on the revenue side as against expenditures of ₧152,204,898, and from that date forward there are not available, so far as I know, any trustworthy figures covering budgetary operations.

Mr. KEARFUL. Did you make an effort to ascertain those figures when you were making your investigation in Mexico in 1918?

Mr. McCALEB. I did. I exerted myself to the utmost to discover any figures upon which reliance could be placed, but my efforts were unavailing.

Mr. KEARFUL. What did the officials of the department of the treasury tell you with respect to those figures?

Mr. McCALEB. The officials explained to me, with apologies always, that the data had not been assembled. Senor Nieto, acting

head of hacienda, called in a number of his under officers and gave them instructions to find for me and give me all possible assistance in the matter of my search for budgetary data, and I regret to report that beyond banking statements and certain tax statements I gained no information which would at all enable me to construct a budgetary statement for any particular year.

Mr. KEARFUL. What information have you from official messages of President Carranza with reference to budgetary operations?

Mr. McCALLEN. In his message to Congress of September, 1918, the President stated that the estimates covering expenditures for the year 1918 reached a total of ₧187,135,871.41, but that this total would have to be increased to ₧199,000,000 approximately, on account of the creation of new departments, and on account of expenditures incurred through the establishment of military factories, but he says that based on specific expenditures during the period ending July 31 he figured that the total expenditures of the country would not exceed ₧155,000,000 for the year ending December 31.

Mr. KEARFUL. What did he say, if anything, with reference to revenues?

Mr. McCALLEN. On the score of revenues he said that he was glad to inform Congress that they had reached a point of covering the absolute necessities. He itemizes the sources of his revenues under customs dues over a period running from the 1st of September, 1917, to the 31st of May, 1918, as follows:

Dues on imports	₧22,600,000
Dues on exports	7,800,000
Other items	3,000,000
<b>Total</b>	<b>33,400,000</b>

Under stamp taxes, covering the same period above indicated, he itemizes returns as follows:

On petroleum	₧5,900,000
On metals	7,500,000
Other items	45,300,000
<b>Total</b>	<b>58,700,000</b>

He also carries in his revenue account:

From consulates	₧3,200,000
From mails	3,999,999
From the telegraph	2,000,000
From national and intervened properties	1,000,000
From divers sources	690,000
<b>Grand total of</b>	<b>102,590,000</b>

This covered a period of nine months.

Mr. KEARFUL. What is the total of the three items of "other and divers" sources?

Mr. McCALLEN. ₧48,990,000.

Mr. KEARFUL. Is there any information from which you can state what those "other sources" were?

Mr. McCALLEN. I have no information. I should indeed like to see an analysis, particularly of the "otros conceptos" listed under the general heading of "stamp taxes" of ₧45,300,000.

Mr. KEARFUL. Are there any items of revenue known to you which are not otherwise enumerated in this schedule?



Mr. McCaleb. I can not say. I do not know how far his headings "otros conceptos" may serve as blanket entries covering all manner of odds and ends of revenues. So far as I can see, from my knowledge of budgetary systems, there is no reason why we should not have had more details with respect to these large entries. Certainly there must be some very important sources of revenue covered in such headings, inasmuch as their totals carry 50 per cent of the total revenues.

Mr. KEARFUL. What sources of possible revenues could there be other than those specifically enumerated which could amount to any such sum?

Mr. McCaleb. I can not well conceive what these hidden sources may be. Probably, for instance, there is included the sums "borrowed" from banking institutions and probably profits on the operations of the mint, and perhaps even profits from the sale of properties which have been taken over.

Mr. KEARFUL. Does it not in your opinion also cover the receipts from the operation of railroads and express companies?

Mr. McCaleb. Yes; I should say that doubtless it does cover such items as revenues acquired through the operation of the railroads and the street-car systems, the express companies, and another item of importance probably here included is that of the predial tax or Federal contribution levied by the States.

Mr. KEARFUL. Have you calculated the amount for one year based on the figures given for the 9 months?

Mr. McCaleb. Yes; based on the 9 months' experience the total for a year would reach ₧136,786,656 as against the estimated expenditures of ₧155,000,000.

Mr. KEARFUL. Have you a subsequent statement made by President Carranza in the present year?

Mr. McCaleb. Yes; in his message to Congress in September of this year he set out a budgetary statement. He shows receipts to total for 10 months ₧135,301,000. This is broken up under a number of heads. The import dues, for instance, are given at 27,600,000; the export dues at 6,450,000, showing a loss over the preceding year; the port dues are placed at 1,644,000. Stamp taxes on oils are figured at 13,100,000; on metals at 11,900,000. Ordinary stamp taxes foot up 11,550,000; the Federal contribution tax, 27,100,000; "other sources," 72,178,000; from consulates, 5,000,000; mail and telegraph, approximately 7,400,000; nationalized properties, 730,000, from divers sources, 649,000; all of which yields a total for 10 months of ₧135,301,000.

Carranza estimates total receipts for the year of ₧162,000,000. On the score of expenditures he figured they would total ₧199,000,000 for the year ending December 31. Details, however, he would not enter upon.

Mr. KEARFUL. Is there any indication in either of President Carranza's statements that any provision was made for the payment of any debts or the interest on debts?

Mr. McCaleb. No effort has been made to pay the charges on the public debt or on the debts in general of the country, so far as foreign holdings are concerned. And on the score of giving attention to the Mexican bonded debt, I was told by Senor Neito, when

plied with the question as to when Mexico would resume interest payments on these foreign-held securities, that Mexico was going to wait to see what other nations did with respect to their bonded debts.

(Thereupon, at 12.30 o'clock p. m., a recess was taken until 1.15 o'clock p. m.)

#### AFTER RECESS.

At 1.15 o'clock p. m. the committee reassembled pursuant to the taking of recess.

Mr. KEARFUL. Coming now to the funded debt of Mexico, will you describe the different forms of this debt?

Mr. McCaleb. The funded debt of Mexico may be grouped under the following heads:

1. External, or gold debt.
2. Internal, or silver debt.
3. Guaranteed debt under State obligations.
4. Guaranteed debt under railway obligations.
5. Guaranteed municipal debts.
6. Guaranteed caja de prestamos.

Mr. KEARFUL. There has been some confusion as to what constitutes the external debt and the internal debt of Mexico. Will you define exactly what constitutes the external debt?

Mr. McCaleb. In point of time the external debt was the first bonded debt contracted by Mexico.

Mr. KEARFUL. What is the point of distinction between the external and the internal debts?

Mr. McCaleb. The main point of distinction lies in the fact that the external debt is a gold debt; that is to say, the external debt in the main has been created abroad and has been based on the gold standards of the European countries. The Mexican peso has been distinctly set down in its equivalent in foreign moneys based on gold standards. These foreign bonds as a rule on their face contain a table setting out these equivalents in the coinage of the leading countries, such as pound, mark, franc, and peso.

Mr. KEARFUL. Now, the internal debt.

Mr. McCaleb. The internal debt, which was first funded in 1850—that is to say, provision was made for the funding of the internal debt in 1850—is based on the Mexican silver peso. The actual funding operation extended over several years. Under present conditions of fluctuating silver values some difficulties may develop in the future, particularly if in the face of these bonds the silver peso is referred to as of a definite weight and fineness.

Mr. KEARFUL. What events have you in mind as resulting in such difficulties?

Mr. McCaleb. I am referring specifically to the demonitizations of the silver peso which have occurred recently, the silver content having been reduced on two several occasions.

Mr. KEARFUL. To what extent has it been reduced?

Mr. McCaleb. It has been reduced by more than 50 per cent in order to maintain a parity between the actual silver contained in the peso in relation to the gold peso. This condition has been brought about by the abnormal price ruling in the markets of the world for silver.

Mr. KEARFUL. Will you state briefly the origin and growth of the external debt from the beginning to the time of Porfirio Diaz?

Mr. McCALEB. When the Mexican Government was organized in 1821 deficits began to run in the budgetary accounts. The necessary revenues could not be raised through taxation, hence forced loans were resorted to, and in 1824 a loan of \$16,000,000 was negotiated in London. That was the first external debt created by Mexico.

Mr. KEARFUL. What security was given for the payment of this debt?

Mr. McCALEB. The whole of the revenues of the country were assigned.

Mr. KEARFUL. Assigned means that they were pledged?

Mr. McCALEB. Were pledged as a security for the payment of the debt.

Mr. KEARFUL. What other securities were subsequently given for the payment of debts and existing at the incoming of Porfirio Diaz?

Mr. McCALEB. Practically all the revenues of the country were pledged to secure indebtedness of one character or another. Almost the whole of the internal taxes were pledged, even the mints of the country were mortgaged. It may be said that only the fragments of the sources of revenue were left to the administration. It must be remembered, however, that very few administrations indeed during the whole course of Mexican history had paid any attention to the obligations of the Mexican Government in the matter of these assignments of revenues, whether of internal or customs dues. When funds were accumulated, as they were in some instances, if the need arose they were appropriated by the faction which happened to be in power.

Mr. KEARFUL. When was the first time in the history of the Mexican Government that customs receipts actually were set aside and used to meet the obligations of the external debt?

Mr. McCALEB. Not until the time of Diaz.

Mr. KEARFUL. What was the amount of the external debt at the time of the incoming of Diaz?

Mr. McCALEB. In 1880 Diaz appointed a committee charged with working out a plan for the consolidation of this debt, and in June of that year this committee estimated it to be 191,385,781 pesos, of which total 46,431,996 pesos was accrued interest.

Mr. KEARFUL. Had any interest ever been paid upon any of this debt from the time of the first one in 1824 up to that time?

Mr. McCALEB. From time to time over all this period there were readjustments of this external debt. Comparatively small attention was paid, as a matter of fact, to foreign obligations. This, it must be said by way of mitigation, had been largely the result of the chaotic state in which the country found itself. That is to say, it was rent with factional controversies and civil commotions. It is not here possible for me to give you the amount of interest that was actually paid on the foreign debt over this period. It can be said, however, that it amounts to a small sum. Probably the largest single item in that account came out of the indemnity paid by the United States to Mexico at the conclusion of the Mexican War. A portion of these funds was transferred to English creditors, but in order to secure these funds they submitted to a heavy scaling of their indebtedness plus a reduction in the rate of interest.

**Mr. KEARFUL.** You mean by "indemnity" the amount voluntarily paid by the United States to Mexico in consideration of the territory that was taken as a result of the war?

**Mr. McCaleb.** Yes.

**Mr. KEARFUL.** What information have you with reference to the remission of interest or the scaling down of the external debt at any time?

**Mr. McCaleb.** I have a lot of information on these various bonding operations which mainly were concerned with the funding of interest or the refunding of the bond issues themselves. On a number of occasions the holders of these foreign bonds scaled their accounts heavily in the belief that they were putting them in better condition through securing assignments of customs dues or through the promise of receiving a small cash payment.

**Mr. KEARFUL.** Did something of that kind occur as a result of the payment by the United States to Mexico of the purchase price of territory?

**Mr. McCaleb.** Yes; that was one case I had in mind. At that time the London bankers scaled their debt more than £3,000,000, or \$15,000,000 in round figures. They also reduced the rate of interest on the outstanding indebtedness to 3 per cent, and received as compensation an assignment of 25 per cent of the customs dues, plus \$2,500,000 of the moneys which the United States Government had obligated itself to pay to the Mexican Government. Payno, one of the distinguished Mexican financiers, who was for many years connected with the Hacienda, estimates that this transaction alone worked out for Mexico a saving of more than ₡25,789,970. The annual carrying charge on the budget was reduced by the operation from ₡3,337,853 to ₡1,674,146.

**Mr. KEARFUL.** Was there a similar scaling operation that occurred previously?

**Mr. McCaleb.** Yes; and some afterwards.

Subsequently, in 1886, the English debt was converted and there was a great saving to Mexico in the operation. It may be added that on several occasions over the 60 years following independence readjustments were made and always, I think, in favor of Mexico. Of course, on the other side of the account is the claim that Mexico in these earlier transactions had met with hard bargains. As a matter of fact, the bulk of the foreign indebtedness of Mexico had grown out of the two first loans made and from time to time the fundings of interest.

**Mr. KEARFUL.** Can you give an example of one of those hard bargains which occurred in the time of Benito Juarez?

**Mr. McCaleb.** Yes; in 1865 a loan was negotiated in New York for ₡2,925,450. The commission on this loan was ₡1,000,000.

**Mr. KEARFUL.** What was the situation of Juarez at that time?

**Mr. McCaleb.** Rather perilous, and a loan could have been made to him only by one who was willing to take a gambler's chance, since it was not impossible that he might have been entirely defeated and driven from the country.

**Mr. KEARFUL.** In which event it might be anticipated that the loan would be entirely repudiated?

**Mr. McCaleb.** Yes.

Mr. KEARFUL. Would you consider the situation as somewhat comparable to the present one in case Carranza should succeed in making a foreign loan?

Mr. McCALEB. There are certain points in common, and yet the cases are somewhat dissimilar. At the time Juarez, through his agent, negotiated his loan he had been practically driven out of Mexico and was hanging onto the northern fringe of Chihuahua, and Maximilian had been established as Emperor in the capital.

In the case of Carranza I think a loan negotiated by him would be held to be legitimate, since he is the de facto if not the de jure President of that Republic.

Mr. KEARFUL. However, it seems that there may be this point of similarity, that the lender would consider that he was taking a gambler's chance in regard to the fulfillment of the obligations of a loan made by the present Government, is that right?

Mr. McCALEB. That is quite right as I interpret it. The fact is that Juarez did the best he could under the circumstances to make good his foreign obligations. His Congress passed a law setting in abeyance for two years the application of the customs dues on the foreign debt, thus endeavoring to give color of law to his operations, whereas while the customs dues are now assigned as a whole to meet the obligations of Mexico, no effort has been made to consolidate these dues as they deserve to be in trust, nor is attempt made to give color of legal status to the case.

Mr. KEARFUL. What was the first time in the history of the Mexican Government that the obligations of the Government were punctually met?

Mr. McCALEB. Under Porfirio Diaz.

Mr. KEARFUL. At what time of his career?

Mr. McCALEB. Beginning in his second administration.

Mr. KEARFUL. Throughout the Diaz administration, as I understand you, the pledges that had been given to secure the Mexican debt were honestly set aside and used to meet those obligations. Is that true?

Mr. McCALEB. Yes, that is true; although there were delays and delinquencies prior to 1895.

Mr. KEARFUL. Beginning with that year were the interest charges and other obligations of the Mexican debt punctually paid?

Mr. McCALEB. They were punctually paid from 1895, but I think from 1886 onward, with possibly some exceptions, the carrying charges were paid on the external debt. I have not at hand a complete memorandum on this point. Certainly after 1895 without exception, all payments were punctually met.

Mr. KEARFUL. What was effected under the Diaz régime with respect to eliminating the pledges of internal revenues?

Mr. McCALEB. When Diaz came into power the second time he found a most unfortunate situation.

Mr. KEARFUL. That was in 1880?

Mr. McCALEB. In 1884. He found practically the whole of the revenues of the country impounded in one way or another. His earliest efforts, were, therefore, dedicated to freeing the revenues of the country from creditors, and in this he was quite successful.

Mr. KEARFUL. About what time was he successful in accomplishing that?

Mr. McCALEB. That was in his second administration.

Mr. KEARFUL. Was anything effected by him with reference to the reduction of the amount of customs receipts that had been pledged?

Mr. McCALEB. At the moment my recollection serves me ill. I think in his readjustment of the debt in 1886 he secured the release of a considerable portion of the customs dues assigned to secure the English obligations.

Mr. KEARFUL. In the refunding operation of 1899, I believe it was, what was the percentage of the customs receipts that were pledged to secure the entire funded external debt?

Mr. McCALEB. Dublan, Minister of Hacienda, in a statement of October, 1885, recites that at that date no port of the country yielded the treasury more than 12.63 per cent of the sums collected, and in most cases only 5.1 per cent. In other words, all except those percentages was assigned to secure the public debt.

The flotation of 1899 consolidated the exterior issues of 1888, 1890, and 1893 and was put out on a basis of 96 to 97½ at an interest rate of 5 per cent. I have not at hand the data with respect to the percentage of customs dues assigned to take care of this indebtedness.

Mr. KEARFUL. Have you the data in that respect relating to the subsequent refunding operation of 1910? Please describe, if you can, that operation.

Mr. McCALEB. The refunding operation of 1910 contemplated the retirement of the 1899 issue of bonds. The sale was actually made at a basis of 98 of \$111,000,000 of bonds bearing only 4 per cent interest, which was a remarkable illustration of the advanced standing Mexican bonds had taken in the markets of the world.

Mr. KEARFUL. Have you any information as to the quotation of those bonds on the markets?

Mr. McCALEB. I have no definite dates and quotations at hand, but in the main they circulated at premiums in the European markets.

To return to your question as to customs assignments, I want to say that 62 per cent of the customs dues were assigned to secure the issues of 1899 and 1910.

Mr. KEARFUL. From 1895 throughout the rule of Porfirio Diaz, what is your information in reference to punctuality of the Government in meeting its obligations arising from the external debt?

Mr. McCALEB. No Government could have been more punctual according to the records.

Mr. KEARFUL. When was the last payment of interest upon Mexico's external debt?

Mr. McCALEB. On the consolidated loan of 1899 the last interest was paid July 1, 1914. Other payments were made in April and June, but none after July 1.

Mr. KEARFUL. Had all obligations of the Mexican Government been met up to that time?

Mr. McCALEB. They had been.

Mr. KEARFUL. Running through the period of Madero's presidency and the time of Huerta, who abdicated in July, 1914?

Mr. McCALEB. Huerta did the best he could to meet punctually his foreign obligations, but failed in the end.

Mr. KEARFUL. At the time of the abdication of Porfirio Diaz, what amount of money was turned over to his successor?

Mr. McCaleb. ₧64,671,595.

Mr. KEARFUL. And at that time, as I understand, the credit of the Mexican Government was excellent, and for some years previously its bonds had been selling at a premium in the markets of the world?

Mr. McCaleb. Yes, sir; that is true.

Mr. KEARFUL. What amount of money was turned over to Huerta as the successor to Madero?

Mr. McCaleb. The treasury condition had gone from bad to worse under Madero. He had borrowed ₧40,000,000 in New York. His congress had provided for a loan of £20,000,000 prior to his going out. The treasury was practically bankrupt when Huerta came into authority.

Mr. KEARFUL. What further loans did Huerta negotiate?

Mr. McCaleb. Huerta took up where Madero left off and conducted a negotiation in Europe on the score of the £20,000,000 loan which had been authorized by the Madero Congress. He made a contract with a European syndicate and sold an issue of these bonds in a total of £6,000,000. With this money he retired to ₧40,000,000 owing in New York.

Mr. KEARFUL. Borrowed by Madero?

Mr. McCaleb. Borrowed by Madero; and he paid the interest on a number of the Mexican debts.

Mr. KEARFUL. What rate of interest did the £6,000,000 bear?

Mr. McCaleb. Six per cent; a 10-year issue.

Mr. KEARFUL. Upon what basis were they sold?

Mr. McCaleb. My recollection is they were sold on the basis of 90, and the bonds carried an assignment of 38 per cent of the customs dues.

Mr. KEARFUL. Which, added to the 62 per cent previously pledged under the Diaz Government, comprised the total of the customs dues of the country.

Mr. McCaleb. That is true.

Mr. KEARFUL. What amount, if any, was turned over by Huerta when he abdicated?

Mr. McCaleb. I can not say.

Mr. KEARFUL. Have you any information as to whether the amount was considerable or insignificant?

Mr. McCaleb. I am inclined to think that the amount was considerable.

Mr. KEARFUL. What further obligations were incurred by Huerta's successor, Carbajal?

Mr. McCaleb. Prior to Carbajal's incumbency provision had been made for an internal bond issue of ₧60,000,000.

Mr. KEARFUL. Provision was made by the Madero Congress?

Mr. McCaleb. No; by the Huerta Congress for a ₧60,000,000 internal issue. Carbajal took 10,000,000 of those bonds and placed them in the hands of the Comision de Cambios y Moneda and issued against these ten millions of bonds certificates which circulated as currency. In all, about seven millions were issued by him.

Mr. KEARFUL. What is the total amount of the external debt of Mexico at this time?

Mr. McCaleb. The total amount of the external debt of Mexico is approximately ₧828,000,000, including interest. If anything, this

statement is under, on account of the fact that the interest charge has been in some cases estimated, but with the firm belief that the same is under rather than over.

The items of this total are shown by the following table:

*Gold debt of Mexico.*

[Memoria de Hacienda, 1910-11, vol. I, p. xi.]

	Year	Per cent.	Amount.	Last interest paid.
Consolidated foreign.....	1899	5	₱102,557,995	July 1, 1914
City of Mexico.....	1899	5	15,516,634	Apr. 1, 1914
Public debt.....	1904	4	76,384,430	June 1, 1914
Loan (balance).....	1898		13,081	
Do.....	1890		3,905	
Do.....	1893		2,148	
Tehuantepec R. R.....			4,342	
External gold loan.....	1910	4	106,663,830	July 1, 1914
10-year treasury bonds.....	1913	6	178,700,290	Do.
Total.....			479,876,655	
Total authorized, £20,000,000, and probably all now issued; interest approximated.....			120,000,000	
Total.....			599,876,655	

	Principal.	Interest.	Total.
Railroads.....	₱115,497,000	₱21,400,000	
State and municipalities.....	27,104,800	3,000,000	
Caja de Prestamos.....	50,000,000	₱11,125,000	
Total gold debt of Mexico.....	192,601,800	35,525,000	₱228,126,800
Grand total.....			599,876,655
			828,003,455

<sup>1</sup> Nacional, 4 per cent; Vera Cruz, ₱14,000,000.

<sup>2</sup> 35 years, 4½ per cent.

GRAND SUMMARY OF MEXICAN INDEBTEDNESS.

Gold or external debt.....	₱828,003,455
Silver or internal debt.....	235,500,000
Grand total funded debt.....	1,063,503,455
Liability to banks (estimated).....	225,000,000

Mr. KEARFUL. What is the total amount of the internal debt?

Mr. McCaleb. The internal debt approximates ₱235,500,000.

Mr. KEARFUL. The last item in this table is bonds to employees ₱27,000,000. What is the basis of that item?

Mr. McCaleb. The Government has not been able to pay its employees in full and from time to time makes up the deficit by giving them quotas of bonds. Carranza in his message of September 1, 1918, gave the total as approximating ₱27,000,000. Of course, this has been augmented during the present year but just how much we have no means of knowing.

Mr. KEARFUL. Does Carranza recognize the obligation of the Carbajal issue or the Huerta issue?

Mr. McCaleb. Carranza has not officially recognized the Huerta issue. On the contrary, Cabrera is reported as rejecting it. Carranza did recognize the Carbajal issue to the extent that he himself issued certificates under the arrangement which Carbajal had employed. Furthermore, Carranza recognized the Carbajal issue by including it in his decree calling for the redemption or retirement



of the currency issues of the country prior to the inauguration of his infalsificable currency plan.

Mr. KEARFUL. Including in that the Carbajal issue?

Mr. McCALEB. Yes.

Mr. KEARFUL. What then do you figure the grand total of the Mexican obligations as represented by the unquestionable funded debt?

Mr. McCALEB. At ₱1,063,503,400, principal and interest.

Mr. KEARFUL. You estimated the liability of the Mexican Government on account of its banking operations at approximately ₱225,000,000?

Mr. McCALEB. Yes.

Mr. KEARFUL. This, then, would make a grand total according to your figures of what?

Mr. McCALEB. Of ₱1,288,503,400.

Mr. KEARFUL. Mr. Lill in his testimony stated that from his study of the Mexican financial situation the Mexican Government would not be able to carry a larger amount of indebtedness than ₱550,000,000. What is your opinion about that?

Mr. McCALEB. My opinion is that Mexico under normal conditions could pay carrying charges on several times that sum.

Mr. KEARFUL. Approximately about what do you consider Mexico would be able to carry under normal conditions? I mean by normal conditions, conditions of permanent peace and order.

Mr. McCALEB. I think Mexico, once her industries were restored, her agriculture developed, and her mines fully operated, could pay charges on a very large sum. Such a thing as a definite limit being fixed is not possible, inasmuch as ability to pay depends entirely on industrial and general progress. Mexico's ability to pay, therefore, would be developed along a sliding scale, bearing a more or less definite ratio to the wealth and general progress and well-being of the country. I want to say that, in my opinion, Mexico in 10 years' time could pay the carrying charges on a sum much larger than her present indebtedness.

Mr. KEARFUL. Would the material progress of Mexico depend, in your opinion, upon the certainty of peace and order being permanently established?

Mr. McCALEB. Yes; in my opinion that is indispensable; and the ability of Mexico to pay would depend on her financial rehabilitation first of all.

Mr. KEARFUL. As I understand you, practically no obligations of the Mexican Government were paid during the entire period of about 60 years from the inception of the Mexican Government in 1821 to the time of Porfirio Diaz, and that practically no obligations of the Mexican Government have been paid since the success of the Carranza revolution in the summer of 1914; is that true?

Mr. McCALEB. That is substantially true. I think ₱10,000,000 would cover the shipments of funds abroad during the first 60 years of Mexican independence, exclusive of the two and one-half millions paid by the United States Government.

Mr. KEARFUL. And since July, 1914, nothing has been paid, as I understand it, except about ₱3,000,000 paid by the Carranza Government in discharge of its own obligation assumed in the taking up of some portions of its fiat money.

Mr. McCALEB. I think that is correct.

Mr. KEARFUL. That payment was not made to any foreign creditor or upon any of the funded obligations of the Government?

Mr. McCaleb. No; it was paid to local holders of certificates.

Mr. KEARFUL. You have no knowledge as to who those local holders were, have you?

Mr. McCaleb. No; I have not.

Mr. KEARFUL. You do not know whether they were officers of the Carranza Government or not?

Mr. McCaleb. I have no means of ascertaining.

Mr. KEARFUL. Coming now to the currency issues of the Mexican Government, what was the unit of value in the beginning?

Mr. McCaleb. The Mexican gold peso and the silver peso. Mexico is presumed to be on a bimetallic basis.

Mr. KEARFUL. What change was made in that system, and when?

Mr. McCaleb. When Carranza started his revolution in the north he early began the issue of a fiat paper currency which was known as the Monclova issue, limited to ₡5,000,000.

Mr. KEARFUL. The date of that decree was April 26, 1913?

Mr. McCaleb. Yes.

Mr. KEARFUL. And it was stated in article 9 that as soon as order should be established laws would be promulgated looking to the redemption of those bills?

Mr. McCaleb. Yes; that is true.

Mr. KEARFUL. And by article 4 all the inhabitants of the Republic were obliged to receive those notes as legal tender at their face value in all characters of operations, civil and commercial.

Mr. McCaleb. Yes.

Mr. KEARFUL. What subsequent issues of the same kind were made?

Mr. McCaleb. There was a decree issued a little later increasing the Monclova issue by ₡20,000,000, but it was modified.

Mr. KEARFUL. The decree of November 28, 1913?

Mr. McCaleb. Yes.

Mr. KEARFUL. And what subsequent additional issues were there by decree?

Mr. McCaleb. There were so many of these decrees following one after the other that it is difficult to find one's way through the maze of them. Substantially, the Monclova issue was limited to ₡5,000,000. That was followed by what is known as the issue of the Ejercito constitucionalista (constitutionalist army) of ₡25,000,000. The third issue was known as the gobierno provisional (provisional government). This issue was divided into two series; the first was put in circulation prior to and during Carranza's occupation of the capital, and is known as the Mexico City issue, carrying a total of ₡42,625,000; the second series of this issue was known as the Vera Cruz issue. This total reached ₡599,329,321, according to Government authorities.

Mr. KEARFUL. What provision was subsequently made for taking up those issues?

Mr. McCaleb. In the fall of 1915 the Carranza régime realized the need of funding its earlier issues of currency. They devised a plan whereby they would issue an infalsificable (unfalsifiable) issue, the circulation of which they proposed to back by proper metallic reserves.

Mr. KEARFUL. At what ratio?

Mr. McCALEB. Presumably 100 per cent ratio. There were during this period, however, many issues of currency, so called. There were probably as many as 200 different series of fiat paper currency put in circulation in Mexico. Some of these, including those of Villa and the convention and practically all issues of generals, were declared null and void without any consideration.

Mr. KEARFUL. Including Carrancista generals?

Mr. McCALEB. Yes; including Carrancista generals.

Mr. KEARFUL. The Villa issues were partly put out while Villa was an adherent of Carranza?

Mr. McCALEB. Yes; but that did not save any of the Villa issues.

Mr. KEARFUL. Please proceed to describe the method of funding such issues as were funded and the actual operation.

Mr. McCALEB. In the spring of 1916 the infalsificable issue was made ready for flotation. It was prescribed that all notes of the Vera Cruz and provisional government issues should be presented to the treasury for legalization. If they were found to be properly issued they were then made convertible into the infalsificable currency on the basis of ₱10 to ₱1 of infalsificables. Since the infalsificable was put into circulation on the basis of 20 centavos per peso the Vera Cruz pesos came to be worth 2 centavos, or 1 cent in United States currency per peso. But after the Government had made this arrangement it changed its mind and instead of issuing in exchange infalsificables for its provisional currency it converted a portion of this provisional currency into a species of bond issue, to which reference has been made earlier in this testimony, one-fifth of the total funded being payable per annum, three payments having thus far been made in a total of something less than ₱3,000,000.

The infalsificable notes came into circulation in May, 1916. For a time they were supported in the market by the Government. They were redeemed at the price of 20 centavos per peso, the operation being handled by the Comisión Monetaria, which had been organized by the Government to succeed the Comisión de Cambios y Moneda. It was but a matter of time, however, until the infalsificable, being constantly issued in larger volume, found itself in a slipping market.

Mr. KEARFUL. How long a time?

Mr. McCALEB. After approximately six weeks. The Government made an effort to support the market through bringing into its confidence certain of the private banks and branches of foreign banks. The Government supplied these institutions with New York credits or with actual coin and they were instructed to redeem infalsificable notes at definite figures, but even this support of the market could not avail against the constantly increasing flood of demand, which arose through the ever increasing output of infalsificable notes. The market sank lower and lower until toward the end of the summer—

Mr. KEARFUL. About how long a time?

Mr. McCALEB. After about three months the situation appeared to be hopeless. The Government simply had not kept its promise of providing the necessary metallic reserves to keep the infalsificables in circulation. It must have been known by the administration that it would be impossible to keep fiat paper afloat if it were not properly supported by metallic reserves. In September it was evident that the end had been reached and the Government began to look about for ways and means of saving itself.

The country began, even before the infalsificable currency had been wholly depreciated, to effect certain exchanges on a metal basis. In October this was openly done and in November the infalsificables quite ceased to circulate.

Mr. KEARFUL. What was its value at that time?

Mr. McCALEB. Its value at that time was about  $1\frac{1}{2}$  centavos on the peso.

Mr. KEARFUL. What then became the money of the country?

Mr. McCALEB. The country got back on a metallic basis.

Mr. KEARFUL. Did the Government refuse to accept the fiat money in the payment of customs dues and other taxes?

Mr. McCALEB. Yes; the Government had prior to its final extinction refused to accept it.

Mr. KEARFUL. Was it possible to buy anything in the markets with it?

Mr. McCALEB. The time came when it was so much worthless paper.

Mr. KEARFUL. What effect did this have upon the business and inhabitants of the country?

Mr. McCALEB. Business during the whole of the fiat currency régime had been much confused and naturally the wide fluctuations of the infalsificables tended still further to upset all commercial and other operations.

Mr. KEARFUL. Have you any data showing the total amount of the infalsificables that were issued?

Mr. McCALEB. I have, but I am not satisfied with it. The officials in Mexico City proved to me that they could not themselves discover exactly what the total issues were. The Government has admitted an issue of ₧540,000,000.

Mr. KEARFUL. Have you any reason to believe that it was more than that sum?

Mr. McCALEB. Such opinion would be based entirely upon the evidence of friends who lived through the infalsificable period. Some of them think that the issue was much higher.

Mr. KEARFUL. Were you able to find anyone who had data upon which a definite estimate could be made?

Mr. McCALEB. No.

Mr. KEARFUL. About what amount was it estimated to be by those who had lived through the period?

Mr. McCALEB. Some of them thought that the issue ran as high as ₧600,000,000 or ₧700,000,000.

Mr. KEARFUL. Have you a table showing the depreciation of the issues of fiat money from the beginning of 1913 to the end of 1916, month by month?

Mr. McCALEB. Yes. The table is as follows:

Month.	1913	1914	1915	1916	Month.	1913	1914	1915	1916
January.....	99	74	28	9	July.....	90	62	10	10
February.....	98	69	26	8	August.....	79	53	13	7
March.....	97	63	22	5	September.....	73	40	13	5
April.....	96	58	18	7	October.....	72	40	14	3
May.....	91	06	17	20	November.....	71	39	14	11
June.....	94	65	17	12	December.....	71	37	12	...

Mr. McCaleb. I think that table is more or less accurate; at all events it was supplied to me by a very competent banker in the capital of Mexico.

Mr. KEARFUL. The last column under 1916, beginning with May, shows the inception of the infalsificable and its gradual decline from 20 centavos in May, 1916, to 1½ centavos in November, 1916, and practically nothing in December of that year; is that right?

Mr. McCaleb. Yes, sir; it ceased to be quoted.

Mr. KEARFUL. On whom did the burden of this issue and depreciation of fiat currency most heavily fall?

Mr. McCaleb. On the small individuals who were caught with these notes at the end.

Mr. KEARFUL. Practically the poorer classes?

Mr. McCaleb. I should say the poorer classes. They doubtless carried the bulk of it.

Mr. KEARFUL. Am I to understand from your testimony that substantially all the issues of fiat money by the Carranza government and by his various generals and other Government officials have been repudiated?

Mr. McCaleb. Yes; almost without exception.

Mr. KEARFUL. Is there any distinction to be drawn between the taking of a man's property or the exaction of his labor without compensation and that of paying for such property or labor in paper money which is subsequently repudiated?

Mr. McCaleb. That is a fine moral question. It seems to me to carry its own answer.

Mr. KEARFUL. Well, you do not see any distinction, do you?

Mr. McCaleb. If I must answer in a word, I should say, no. The matter of issuing floods of fiat paper currency and taking goods for those paper currencies which later are repudiated by the Government, or practically repudiated by the Government, is, if I understand it, only another name for the operation known as forced loan or confiscation of goods. I have heard that the Carranzistas boast of having financed the revolution for three years on an expenditure of approximately \$5,000,000.

Mr. KEARFUL. A forced loan, however, is made with the supposition, at least, that it will be repaid at some time; is not that the idea?

Mr. McCaleb. That is true, and yet the record of Mexican history on the score of forced loans is by no means conclusive in that respect.

It may be of interest to you to know that during the whole course of Mexican history there have been exacted forced loans, great portions of which were never repaid. To illustrate, up to June 30, 1869, there had appeared in the Mexican budgets \$360,000,000 of extraordinary resources, mostly forced loans.

Mr. KEARFUL. Does that apply to the period of the rule of Porfirio Diaz?

Mr. McCaleb. To the early years, even of the rule of Porfirio Diaz. I can not say, however, whether the loans exacted under the régime of Diaz were repaid or not. I am inclined to think they were.

Mr. KEARFUL. What claim is made by the present Mexican officials that they have not repudiated these infalsificables, but that they have been accepted in payment of taxes?

Mr. McCALEB. It is true that they are required as an additional payment, as a sort of surtax, in equal quotas, and in this manner it is stated as the hope of the administration that eventually the whole infalsificable issue will have been retired. As a matter of fact, no reduction is made in the tax charge levied. In a word, no credit is allowed on the tax payment by virtue of this infalsificable charge.

Mr. KEARFUL. What is it claimed is done with the infalsificables obtained in that manner?

Mr. McCALEB. They are supposed to be accumulated in the treasury and there destroyed.

Mr. KEARFUL. Have you any reason to believe that they are not destroyed but are reissued.

Mr. McCALEB. There is a universal law which operates in all such cases. If more than ₧400,000,000 of infalsificables have been destroyed, as is claimed by the Government, and there were issued originally only ₧540,000,000, there should have remained three years ago only ₧140,000,000 of infalsificables in circulation. These infalsificables have been bought constantly ever since and still the market price for infalsificables holds to a fair degree of steadiness. That would seem to vitiate the operation of the natural law which works in all such cases. If the volume is constantly diminished there should be an enhanced value for the infalsificable.

Mr. KEARFUL. What has been the constant value during this period?

Mr. McCALEB. The value, I think, has ranged around 10 centavos.

Mr. KEARFUL. Have you any information as to the amount of infalsificables purchased monthly by any single industry in Mexico for the purpose of paying this surtax?

Mr. McCALEB. We know that the petroleum companies are purchasing more than ₧1,000,000 of infalsificables per month. Other institutions are purchasing in similar quota.

Mr. KEARFUL. If the ordinary taxes should amount to ₧100,000,000 per year that would retire a similar amount of infalsificables.

Mr. McCALEB. Not all taxes carry the surtax or infalsificable.

Mr. KEARFUL. Have you any information as to the amount of taxes collected per year which carry this surtax?

Mr. McCALEB. I am sorry, but I have no totals.

Mr. KEARFUL. What class of taxes carry this surtax?

Mr. McCALEB. I understand that customs dues, both import and export, and possibly some other characters, such as port dues.

Mr. KEARFUL. Coming now to the investments of foreign capital in Mexico, have you a statement from Mexican officials on that subject? If so, state the total amounts given as invested by foreigners as against the amount invested by Mexicans.

Mr. McCALEB. According to a Mexican table published in the Anuario Estadístico for the fiscal year 1906-7 certain tables were given. The gross capital invested in corporations throughout the country was ₧1,370,205,579 by foreigners, against so-called Mexican capital of ₧590,813,718.

Mr. KEARFUL. Why do you say "so called"?

Mr. McCALEB. For the reason that many of the corporations classified by the Mexicans as Mexican were essentially foreign, since foreigners had subscribed the capital.

Mr. KEARFUL. Have you a similar statement as to 1910?

Mr. McCaleb. I have a statement for 1910 from the *Noticia del Movimiento de Sociedades Mineras y Mercantiles* published in Mexico City in 1911, which shows investments of foreign capital in Mexico in 1910 reached a total of ₧2,009,994,253 as against Mexican capital of ₧812,787,778. And of the foreign capital that credited to the United States for the year 1910 amounted to ₧1,199,192,620.

Mr. KEARFUL. That was capital of corporations and was subject to the same criticism in reference to the Mexican figures, that you made with respect to the previous statement; is that so?

Mr. McCaleb. Yes.

Mr. KEARFUL. Have you an authoritative statement with reference to the investment of French capital in Mexico prior to the year 1911?

Mr. McCaleb. I have. I have a statement from a French expert, which goes into great detail, showing the capitals invested in actual companies. This total in 1911 was figured at 2,234,715,722 francs. Of this total 501,628,100 francs were invested in the stocks of banks, including the Banco Nacional with an investment of 265,500,000 francs.

Mr. KEARFUL. What information have you as to whether the estimate given includes all investments of French capital in Mexico?

Mr. McCaleb. I have the authority of one of the best-known European financial journals, *L'Economiste Européen* for the year 1914, in which it is stated that the items of French investments in Mexico are far from complete, since many French investments have been made in such fashion that they elude pursuit.

Mr. KEARFUL. To what extent?

Mr. McCaleb. To the extent of 100,000,000 francs.

Mr. KEARFUL. Have you an authoritative statement with reference to the investment of English capital in Mexico?

Mr. McCaleb. I have a statement, given out, presumably, by the British Embassy in Washington. The grand total of English investments is placed at £230,422,500.

Mr. KEARFUL. It has often been stated, and sometimes from high official sources, that foreign capitalists, especially American capitalists, in Mexico were not entitled to consideration because they had been engaged in exploiting the Mexican people to their own selfish ends and to the detriment of Mexico. What is your opinion, based upon your observation, as to whether the investment of foreign capital in Mexico has been for the benefit or injury of the Mexican people?

Mr. McCaleb. In my opinion, but for the introduction of foreign capital into Mexico it would have been still but a primitive State in all essentials. It would have had no railroads, no industrial development to any extent, and the Mexican people would have remained in a more or less backward or undeveloped condition. The capitals which have gone into Mexico have, of course, gone in there with a view to making returns to their owners, but that they have gone in deliberately to exploit the people is no more true than it is that capital everywhere goes in with a deliberate view to exploiting peoples.

Mr. KEARFUL. Is it your opinion that that same thing might with the same reason be said of the development of our own Western country?

Mr. McCALEB. I think the rule will hold good. If bonuses were given railroads in Mexico in order to further their construction, the same may be said of nearly every State in the Union of the United States. We gave extravagant bonuses in the Western States to further the building of railways.

Mr. KEARFUL. You are aware that the Government of the United States has granted large credits and great empires of public lands for the purpose of securing the building of railroads across the western territory?

Mr. McCALEB. That is true, and even at a very recent date we have advanced large sums of money to build railroads in Alaska. I understand, which is evidence of the fact that the Mexican experience had in it nothing novel. It was merely a carrying over into that country of the devices in the main which had applied in the development of our western territories. The Rio Grande was not wide enough to stop the American investor: In my opinion, as American investors went forward in Mexico, there was universally attendant upon that advance better living conditions, better pay, and on the whole a happier people. I say this having lived for years on the frontier and having known Mexico more or less intimately as it has unfolded during the past 30 years.

Mr. KEARFUL. Mr. Lill states, on page 408 of his testimony, previously given before the committee, that he estimates the amount for which the Mexican Government will be held responsible on account of claims for destruction of life and property at \$25,000,000, and he bases that opinion on previous experiences in Mexico in settling revolutionary claims. What would you say about the deductions which might be made on the basis of \$25,000,000 for the settlement of previous revolutionary claims?

Mr. McCALEB. I think the sum fixed an absurdly low one for the reason that when the settlements were earlier made for damages there was comparatively little foreign capital invested in Mexico. Nearly the whole of foreign capital investments in Mexico have been made during the past 30 years. The totals to-day are many fold what they were when the last claims for damages were adjusted.

Mr. KEARFUL. And the devastation of property under the Carranza régime and revolution have been a great deal more, many times more, have they not, than under any previous revolution?

Mr. McCALEB. I can not say what degree of relationship the Carranza depredations bear to earlier depredations, but they have been severe enough.

Mr. KEARFUL. Is there anything further that you think has not been fully covered, that would be of interest to the committee?

Mr. McCALEB. I think of nothing else at the moment.

(Thereupon, at 3.40 o'clock p. m., the hearing adjourned subject to call.)

X



# INVESTIGATION OF MEXICAN AFFAIRS

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## HEARING

BEFORE A

### SUBCOMMITTEE OF THE COMMITTEE ON FOREIGN RELATIONS UNITED STATES SENATE

SIXTY-SIXTH CONGRESS.

FIRST SESSION

PURSUANT TO

## S. Res. 106

DIRECTING THE COMMITTEE ON FOREIGN RELATIONS TO  
INVESTIGATE THE MATTER OF OUTRAGES ON CITIZENS  
OF THE UNITED STATES IN MEXICO

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## PART 6

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Printed for the use of the Committee on Foreign Relations



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# INVESTIGATION OF MEXICAN AFFAIRS.

SATURDAY, DECEMBER 6, 1919.

UNITED STATES SENATE,  
SUBCOMMITTEE ON FOREIGN RELATIONS,  
*Washington, D. C.*

Testimony taken at Washington, D. C., December 6, 1919, by Francis J. Kearful, Esq., in pursuance of an order of the Subcommittee of the Committee on Foreign Relations of the Senate.

## STATEMENT OF MR. WILLIAM FRANK BUCKLEY.

(The witness was duly sworn by Mr. Kearful.)

Mr. KEARFUL. You have stated your name. What is your present address?

Mr. BUCKLEY. Mexico City.

Mr. KEARFUL. Your present address in this country?

Mr. BUCKLEY. My present address in this country is Bronxville, N. Y.

Mr. KEARFUL. What is your birthplace?

Mr. BUCKLEY. San Diego, Tex.

Mr. KEARFUL. What is your profession?

Mr. BUCKLEY. I used to be an attorney.

Mr. KEARFUL. In what business are you now engaged?

Mr. BUCKLEY. Real estate and oil leases.

Mr. KEARFUL. In Mexico?

Mr. BUCKLEY. In Mexico.

Mr. KEARFUL. How long have you been acquainted with Mexico?

Mr. BUCKLEY. I have lived in Mexico since 1908.

Mr. KEARFUL. Are you thoroughly familiar with the Spanish language?

Mr. BUCKLEY. Yes.

Mr. KEARFUL. Are you able to talk with the natives of Mexico freely upon any subject?

Mr. BUCKLEY. Yes.

Mr. KEARFUL. Have you made a study of Mexican conditions during the time that you were in Mexico and during the last few months in this country?

Mr. BUCKLEY. Yes; I have.

Mr. KEARFUL. What have been your facilities for gathering information with respect to the conditions in Mexico?

Mr. BUCKLEY. I have been associated socially and in a professional way with a number of Mexicans of prominence. I was counsel for the Mexican delegation to the Niagara conference, and in connection with this conference and subsequent events that have

transpired in Mexico I have maintained my association with these gentlemen.

In July of this year, with the idea of gathering facts with regard to the Mexican situation that might be susceptible of proof, I induced seven or eight friends, all Americans, who have lived in Mexico for a number of years and who are intimately acquainted with the situation in that country, to work with me in this connection, with the result that during the last four months we have gotten together a mass of material on every phase of the Mexican situation, which is at the disposal of the committee whenever the committee desires to have it presented. We have had a great many prospective witnesses interviewed and will be glad, whenever the committee desires, to present detailed information through competent witnesses of economic conditions in Mexico, including the railroad situation, the Henequen and Yucatan situation, the mining and oil situation; information with regard to the activities of the Carranza government, its methods; outrages on American citizens and the destruction and confiscation of American property, in which connection we have the names and addresses of many witnesses that are willing to appear before the committee, those residing in the States being willing to appear in public session, whereas those residing in Mexico, in their majority, insisting on executive session because of fear of reprisals by the Carranza government.

Mr. KEARFUL. Where is the headquarters of your organization?

Mr. BUCKLEY. The Murray Hill Hotel in New York.

Mr. KEARFUL. Have you any connection with the Association for the Protection of American Rights in Mexico?

Mr. BUCKLEY. No.

Mr. KEARFUL. Have you any connection with the oil companies operating in Mexico? Are they contributing in any way toward your organization?

Mr. BUCKLEY. No oil company or any other corporation is contributing in any way to this organization. The only oil company I am connected with is a small company owning some leases and a terminal property in Mexico. The total investment of this company does not exceed a few hundred thousand dollars and it is not a member of the oil association.

Mr. KEARFUL. The committee has heretofore had testimony showing in a fragmentary way various incidents which go to make up a picture of Mexican conditions. I understand that you have made such a study of Mexico as to be able to give a more or less complete picture of the situation from the time of the overthrow of the Madero government up to the present time. Such a complete statement would naturally be divisible into various heads. Will you proceed in your own way to make a statement of the conditions covering the entire period mentioned beginning with the overthrow of the Madero government?

Mr. BUCKLEY. To understand the Mexican situation it must be understood in the beginning that the present is more or less the normal condition of Mexico; the era of peace during the Diaz régime from 1876 to 1910 was an abnormal period in the history of that country. All revolutions in Mexico work along conventional lines and the present series of revolutions are in no material sense dif-

ferent from those that beset that country from 1810 to 1876; the abnormal element of the present series of revolutions is the active participation in them by the American Government. During the pre-Diaz period there were hundreds of revolutions and over 50 rulers. All of these revolutions, like the present revolution, promised everything to the people, including universal suffrage, independent judiciary, division of lands, democratic form of government, etc. To the average American the present situation in Mexico is a novel one; to the man who has studied Mexico's history there is not much novelty in it.

There is a distinction between the Madero revolution and the Carranza revolution; the former had for its object the establishment in Mexico of a democratic form of government; the latter had as its object social, and not political, reforms—the principal reforms being the destruction of private property and the expulsion from the country of the Americans. The former revolution was dominated by Mexicans of the old Liberal type and included in its ranks some of the finest men in Mexico. These men were soon disillusioned, quit the revolution, and were succeeded by radicals of an inferior social type who directed the Carranza revolution and now control the Carranza government. The only political reforms that the leaders of the Carranza revolution sought were for the purpose of vesting political power in themselves, and not in the Mexican people. Control of the political machinery would enable them, first, to enrich themselves by graft, and second, to force through their social reforms.

When Madero was President, Carranza was governor of the State of Coahuila. Carranza, as well as other governors, received from the Federal Government an allowance of a large sum of money each month for the support of the State constabulary to put down local revolutions. Limantour had left 63,000,000 pesos in the Mexican treasury, and this was one of the favorite methods used by the groups surrounding Madero to loot the treasury. Of course, troops were not maintained in the several States, or, at least, not more troops than were necessary to cover appearances, and the Governor of the State divided up his monthly allowance with the grafters in Mexico City.

It is stated that because of a disagreement between Carranza and the group surrounding President Madero, Carranza's monthly allowance was cut off and this led to friction between Carranza and Madero and to the formulation of plans by the former to revolt against his chief. It is generally understood that Carranza invited Alberto Garcia Granados, a noted Liberal in Mexico, who formed a part of Madero's cabinet, to join him in his revolt. Garcia Granados had become dissatisfied with Madero, and Carranza thought that he would be friendly to such a suggestion. It is stated that Garcia Granados declined to join in the revolt. After Carranza entered Mexico City Garcia Granados was executed.

Madero was overthrown before Carranza's alleged plans matured. Huerta, the successor of Madero, conducted negotiations with Carranza for some time looking toward recognition of his government by Carranza, but the latter finally broke off negotiations and revolted.

When Madero was killed the agents of Carranza advised him of the bad impression that this outrage had produced in the United States,

whereupon Carranza realized his opportunity and proclaimed loudly, especially where Americans could hear, that his purpose in revolting was to avenge the shameful murder of his beloved chief. Carranza's agents in the United States played this up with great effect on the American people.

The Mexican point of view with regard to this assassination has never been understood by the Americans. The Mexican people were not as a rule shocked by the assassination of Madero; you seldom hear reference in Mexico to this crime. As a rule Mexicans who favored Huerta maintained that if Huerta did kill Madero it was good politics; the followers of Madero, while protesting that they were sorry their chief had been killed, admitted that they could understand the attitude of the opposition as constituting good politics.

Mr. KEARFUL. What have you to say with reference to the attitude of Mexicans towards Huerta?

Mr. BUCKLEY. The mass of the Mexican people have no preferences in politics, for they know nothing about politics. The middle-class and upper-class Mexicans favored Huerta, principally because they were anxious for peace and order and because they had been satiated with the advanced political doctrines announced by Madero and satiated with the shameless graft that surrounded his administration.

Carranza propaganda in the United States, very ably assisted by the American Government, succeeded in instilling into the public mind certain erroneous impressions that have been the basis of American public opinion, where there has been any public opinion, for the last six or seven years.

The Carrancista press explained that there were three classes of people in Mexico—the lower classes, representing what Mr. Wilson has termed “the submerged 80 per cent,” the middle class, comprising probably 10 per cent, and the upper class. It is stated that the middle and lower classes were trying to wrest political power from the Científicos, a so-called party composing the upper classes, that it was alleged had governed Mexico for their own exclusive benefit and the benefit of foreign capital during the Díaz régime.

The peace and order established by the Díaz Government, and maintained for 35 years, enabled the middle class to form. There was no such thing as a middle class in Mexico before the Díaz régime, and the people of the middle class were the strongest advocates of the Díaz régime, for without peace and order it could not subsist.

The “submerged 80 per cent” has no political ambition; does not know how to read or write; lives from hand to mouth, and has no political ideas or preferences; all it wants is to be let alone and be allowed to live in peace and receive those material necessities that are indispensable for the maintenance of life. This class has never received any consideration or protection in Mexico except during the régime of Porfirio Díaz.

I do not contend that this is all that the 80 per cent of the population is entitled to, but I do contend, and history shows, that material benefits must come first and that a people does not concern itself with the niceties of government or universal suffrage until after it is provided with bread and clothes.

The educated Mexican, the type that governed Mexico for 35 years, and gave it the only decent Government that it ever had—the Mexican whom the American Government has driven out of that country—did not sympathize with Huerta and was not a partisan of Huerta's. To him Huerta was the lesser of several evils; he preferred Huerta to either Carranza or Villa, and subsequent events have demonstrated the wisdom of his choice. The cultivated Mexican, however, would never have chosen Huerta for president of his own free will.

MR. KEARFUL. We have often heard the term "Científicos" and it has been many times stated that the Científicos consisted of a party of political grafters who surrounded Porfirio Diaz and with whom he was in full accord for the purpose of exploiting and oppressing the Mexican people. Will you please elucidate that matter and give a description of and state who the Científicos were and what they did?

MR. BUCKLEY. The Científicos were not grafters. As a matter of fact, they did not constitute a party in Mexico, as is erroneously believed to be the case in the United States, but consisted of nine Mexican Liberals who tried to force upon Porfirio Diaz a Liberal régime. The story of the Científicos is as follows:

In 1892 a national convention was held in Mexico City for the nomination of a candidate for President. This convention was dominated by a group of young and cultured men, nearly all Congressmen. Gen. Diaz was proclaimed the candidate of the convention and this group of young men prepared a manifesto to the Nation which served as a platform of the convention. In this manifesto certain principles were advocated which had for their purpose committing Gen. Diaz to a program of reform, two principles being mentioned in particular—first, life tenure of the judges of the Supreme Court for the purpose of assuring the independence of the administration of justice, and, second, the creation of the office of Vice President to minimize the chances of revolution in the event of the death of Gen. Diaz.

Gen. Diaz viewed with suspicion the activities of this independent group, and his unconditional adherents in the Chamber of Deputies derisively gave them the name of "Científicos." This name was coined in connection with the discussion of a bill prepared by this group in which Francisco Bulnes, one of the group, in answer to an objection by a member of the House, stated that this bill had been prepared after much study and after a scientific investigation of the matter had been made, to which a member retorted that the group then were "Científicos." This word translated into English does not mean a scientist; it means a man learned in any branch of knowledge.

The Científicos constituted a minority of the Congress and their adversaries, who were popularly called the Jacobins, were in the majority. The Jacobins were always submissive to Gen. Diaz, whereas the Científicos, although friends of the President, endeavored to force upon him a policy of political reform giving a larger measure of control to the people, which Diaz refused to accept. The Científicos presented a bill in Congress providing for life tenure of Federal judges, which was passed in the lower House, but was defeated in the Senate by order of Gen. Diaz. (This necessary re-

form was revived by the independent Senators in 1912, under the Government of the so-called apostle of liberty, Madero, but was defeated through the influence of the latter.)

In 1893 President Diaz appointed as minister of finance the scientific Jose I. Limantour, the great financier, who raised the finances of Mexico and the credit of the nation to a high place among the great powers of the world. Limantour abandoned his political activity to accept this position, and the rest of the Cientificos, in order not to embarrass him, because of their inability to cope with Gen. Diaz, desisted somewhat from their activities thereafter.

When Ramon Corral became vice president in 1904, although he endeavored not to indulge in activities that would arouse the suspicion of Gen. Diaz, he favored the Cientificos, because he sympathized with their ideas of reform and recognized their talent, and this led the enemies of Corral to also attack the Cientificos.

The so-called Cientifico Group was composed of but a few persons, who always refused to form a political party. The Cientificos were as follows:

**Jose I. Limantour.** The great minister of finance, under whose direction Mexico's public credit was founded. He enjoyed a world-wide reputation and is to-day consulted by financial institutions in France and England. He was born a millionaire and in public and private life was a model of honesty.

**Rosendo Pineda.** A lawyer of great talent and a noted orator; he was most persistent in advocating the political reforms opposed by Gen. Diaz. He was the only one of the Cientificos who in the last seven years of the Government of Diaz dared to oppose his indications, and upon several occasions opposed him in the chamber of deputies. He was never a man of wealth and died in absolute poverty.

**Justo Sierra.** He was among the most notable orators and litterateurs produced by Mexico. He was minister of instruction from 1902 to 1911 and founded the National University. He lived and died in poverty.

**Joaquin D. Casasus.** An attorney of American and British interests who became wealthy. He was an orator and litterateur and at one time served as ambassador to Washington.

**Pablo Macedo.** A lawyer who became distinguished in his youth and amassed a fortune before becoming one of the Cientificos; he represented many English and American business enterprises and was well known abroad; an honest and highly educated man; the author of the project that Limantour approved for the establishment of the gold system in Mexico. He never held any other public office outside of being a Congressman and director of the School of Jurisprudence.

**Francisco Bulnes.** Probably the most finished orator that Latin America has produced, the author of many splendid works on the political history of Mexico and a man of great and varied learning. He has never been a man of means and is now living in exile in Cuba.

**Miguel Macedo.** One of the most distinguished lawyers in Mexico, who is still living in Mexico City and enjoys a reputation for great intelligence and integrity. He was a national senator for one year



and subsecretary of the department of Gobernacion (Interior) during the last five years of the administration of Gen. Diaz. He has a modest fortune, which he has accumulated in 40 years through intelligent and constant labor.

**Emilio Pimintel.** A member of Congress; a lawyer of good reputation and of recognized probity of character; Governor of the State of Oaxaca during the last eight years of Diaz's administration. A man of moderate wealth.

**Roberto Nuñez.** A lawyer, who occupied many public offices, and after 1893 was subsecretary of the department of finance; always regarded as an honest man. Died in Paris, leaving a small fortune.

The Mexican public never referred to anybody outside of these men as Científicos. Mr. Bryan and other American politicians have always thought that the Científicos constituted a national party. As is seen from the above statement, only three of these men were wealthy and only one of them made his money after he had become a Científico. Gen. Diaz was always suspicious of their ideas, and never yielded to their influence.

The Mexican revolutionaries, to give them a pretext to persecute the men in Mexico who were distinguished for their talent, or for their wealth, called all those whom they wished to victimize "Científicos." The American Government, accepting this version, has popularized in the United States the alleged crimes of the Científicos and has given the name of Científico to all those men in Mexico who were, in fact, useful to Mexico, and stood in the way of designs of the revolutionaries.

**Mr. KEARFUL.** Will you now proceed to give a statement with reference to the relations of Huerta toward the American Government and the attitude of the American Government toward Huerta?

**Mr. BUCKLEY.** Soon after his election, President Wilson introduced an innovation in the diplomatic policy of the American Government. This Government was represented in Mexico City by an honorable man, who had served his country well—Mr. Henry Lane Wilson—who soon discovered that his Government neither consulted him nor confided in him. Mr. Henry Lane Wilson was the representative of the American Government, but President Wilson preferred to conduct foreign negotiations through his own personal representatives. The State Department was eliminated at once from the field of diplomatic relations with Mexico, and, since the accession of Mr. Wilson to office, has not had anything to do with the formulation of our Mexican policy, and very little to do with the carrying out of this policy. Because of his policy of insisting that the rights of Americans in Mexico be respected, and because he showed resentment in not being taken into the confidence of his own Government, Ambassador Wilson was recalled from Mexico. All manner of scurrilous rumors with regard to this gentleman, among them allegations to the effect that he was responsible for the murder of Madero and had actually connived at this murder, were carefully spread in the United States by Carranza propagandists and by the representatives of the President, among whom Mr. John Lind distinguished himself; rumors which the American Government knew to be untrue and which it could have suppressed by merely denying them. The State Department went so far in conniving at the persecution of this gen-

tleman as to permit an unscrupulous American from Mexico City by the name of Robert H. Murray, the correspondent in that city of the New York World and an interested propagandist of the Carranza government, to secure information from the confidential files of the State Department for the purpose of producing evidence in garbled form against the ex-ambassador.

We will be glad to submit, whenever the committee desires, details with regard to the dismissal of Ambassador Wilson and the conduct of the American Government and its representatives.

Huerta was recognized by most of the first-class powers, but the American Government did nothing. Except for vague statements along general lines that might be regarded as being applicable to Mexico, there was no indication of the President's policy. It will be interesting in this connection, as an indication of the attitude of the high-class Mexican not only towards Huerta but towards the American Government, to state that at this juncture a group of Mexican statesmen in Mexico City, realizing the extreme gravity of the situation and the type of men we had to reckon with in Huerta and President Wilson, discussed the situation with the object of avoiding difficulties. These gentlemen were sufficiently versed in Mexican history, and sufficiently aware of the dependent condition of Mexico with regard to the United States, to appreciate that without the recognition of the American Government Huerta could not remain in power; they felt that the exercise by Mr. Wilson of the great power which the office of President of United States conferred on him to destroy Huerta would be arbitrary and unscrupulous but, nevertheless, they realized what the results would be.

They consequently decided to send an emissary to see Mr. Wilson and ascertain if he was determined not to recognize Huerta's government, and if this were his intention, they instructed their emissary to tell Mr. Wilson that they themselves would soon eliminate Huerta from the Presidency; that they would not permit his vanity to stand in the way of Mexico's welfare. The emissary was instructed to beg of Mr. Wilson that he should not openly oppose Huerta, as this would have the effect of consolidating Mexican public opinion behind him along nationalistic lines; that he permit the Mexican people themselves to eliminate Huerta from the Presidency and thus avoid a disagreeable situation, one which, as a matter of fact, was precipitated by Mr. Wilson's public refusal to recognize Huerta before this emissary could reach Washington, and was aggravated further by his dispatching of Mr. John Lind to Mexico. Mr. Wilson's public announcement, of course, had just the opposite effect in Mexico to what Mr. Wilson thought it would have; it strengthened Mexican sentiment for Huerta and gave him the support of the Mexican people in his personal conflict with President Wilson. Huerta could have been eliminated by the use of some tact.

It was at this juncture that the famous Lind mission was conceived and carried out. John Lind, a Swedish-American from Minnesota, who had never been in Mexico, knew nothing of Mexican affairs or of Mexican character and had no knowledge of the Spanish language, was chosen for a most delicate mission to Mexico City. Could there be anything as different in temperament as a Swede and a Latin-American? Mr. Lind was chosen, so Washington informed

the American people, because he knew nothing about Mexico and, consequently, was not prejudiced. Lind proceeded to Mexico City, the details of his trip and mission being given the greatest newspaper publicity, and presented to Huerta, the president of an independent country, the astounding proposition that he eliminate himself from the Government of Mexico by calling a new election in which the Mexican people should *freely exercise their choice* and select another President. The people might not, however, select Huerta, so Lind informed him, not because he might not be the choice of the Mexican people, but because he was not the choice of Mr. Wilson. This proposal was actually given to the press by the American Government. It will not be necessary here to humiliate ourselves by recalling Huerta's answer to Lind. This was the first step of American intervention in Mexico. The President of the United States told Huerta, and through him the Mexican people, that he would not permit Huerta to be the President of Mexico; it was but a step further to insist that he would permit nobody but a certain person to be President, and Mr. Wilson soon arrived at this step—during the Niagara conference he took the position that he would allow no one to be President of Mexico but Carranza.

There is a very interesting phase in the negotiations between President Wilson and Huerta that has generally been overlooked. Mr. Wilson proclaimed in speeches and interviews that the person of Huerta did not itself matter so much, but that Huerta represented a class—the hated Científicos—who had oppressed the “submerged 80 per cent” and that Mr. Wilson's interest in the matter, in fact, what he insisted upon, was that a look-in on their Government be given to the “submerged 80 per cent” and that they be permitted to establish a Government of their own choice; that the rebel leaders, Carranza and Villa, were the genuine popular leaders of this class and that a government must be established by them. As a matter of fact, when to the surprise of the American Government Huerta did not obey its order to retire, this administration, which in its relations with Mexico has never seemed to count in advance on the consequences of the failure of Mexico to comply with its many ultimatums, found itself in a delicate predicament. Mr. Lind was, therefore, authorized to compromise with Huerta, and with the class he represented, by agreeing that if Huerta would call an election in the territory controlled by him, and would not stand as a candidate, the American Government would not only recognize the President elected, but would endeavor to see to it that he obtained money; in other words, the President through Mr. Lind said to Huerta: If you will save my pride by leaving office, I will permit you and the class you represent (the Científicos) to select your successor. Mr. Wilson's protestations of concern for the welfare of the “submerged 80 per cent” seemed to be rather conventional in view of this incident. Mr. Lind's exact words in this second note of August 25, 1913, were as follows:

The President authorizes me to submit to the consideration of the *de facto* Government of Mexico the following proposition:

1. That the elections convoked for October 26, 1913, be carried into effect in accordance with the constitution and laws of Mexico.

2. That President Huerta, in the manner indicated in the beginning by the President [Mr. Wilson] give the assurance referred to in paragraph C of the first instructions [that is, that Huerta should not be a candidate].

The President further authorizes me to say that if the government *de facto* acts immediately and in conformity with the indications mentioned, then the President will assure the American bankers and their associates that the Government of the United States would view with pleasure the contracting of an immediate loan in sufficient amount to cover the necessities of the moment of the *de facto* Government of Mexico.

The hope is sincerely entertained that the Government of your Excellency will consider it in keeping with the best and highest interest of Mexico to accept immediately these propositions, which are submitted with the same spirit and the same objects as the first ones, but in this more restricted form, with the object that the Government of Mexico may act with regard to them, without the necessity of the cooperation or aid in the present circumstances of any factor foreign to the situation, [That is, without consulting the rebels Carranza and Villa, who in the opinion of the American Government, were representing the "submerged 80 per cent."]

In the President's interview that appeared in the *Saturday Evening Post* in its issue of May 23, 1914, a short while after the occupation of Vera Cruz, he stated:

It is a curious thing that every demand for the establishment of order in Mexico takes into consideration, not order for the benefit of the people of Mexico, the great mass of the population, but order for the benefit of the old-time régime, for the aristocrats, for the vested interests, for the men who were responsible for this very condition of disorder. No one asks for order because order will help the mass of the people to get a portion of their rights and their land; but all demand it so that the great owners of property, the overlords, the *hidalgos*, the men who have exploited that rich country for their own selfish purposes, shall be able to continue their processes undisturbed by the protests of the people from whom their wealth and power have been obtained.

It was these very people with whom the President now offered to compromise through Huerta.

The dispatching of the Lind mission was indeed an innovation in diplomacy, both because of its personnel and the nature of the undertaking. The President seemed highly pleased with the comportment of Mr. Lind, since in his address to Congress on August 27, 1913, he stated that—

Mr. Lind executed his delicate and difficult mission with singular tact, firmness, and good judgment.

When Huerta refused to accept the dictation of President Wilson, he became stronger than ever with the Mexican people. Mr. Lind, who ever since his trip to Mexico has been an active Carranza propagandist and an ardent opponent of armed intervention, returned to Vera Cruz after his humiliation by Huerta and recommended immediate armed intervention, presumably to avenge Mr. Lind; he advised his American friends in Mexico City to leave the country as intervention was imminent. Mr. Lind remained in Vera Cruz for a number of months where, under the protection afforded him by Huerta's Government, he conspired with the revolutionaries for the overthrow of that government, and actually entered into negotiations with a colonel in the Huerta army to overthrow his chief and let the Zapatista army into Mexico City. He was aided in these negotiations by Mr. H. L. Hall, a discredited American who lived in Mexico and one of the personal representatives of the President. All the details of that arrangement will be given to the committee if it desires.

It may be of interest in passing to refer to an incident indicating the esteem in which Americans in Mexico held Mr. Hall, who, as I

have just stated, was one of the many personal representatives of the President. Mr. Hall was kidnapped by the Zapatistas near Cuernavaca, where he had lived for a number of years, and when the Zapatistas sent in a demand for a ransom of thirty pesos, Mr. Hall's neighbors refused to pay it.

Mr. KEARFUL. What do you conceive to have been the attitude of the American Government toward Americans in Mexico during this period?

Mr. BUCKLEY. The American Government never consulted Americans in Mexico and has always regarded them as unscrupulous adventurers who had left their own country and were in some way or other in league with the Cientificos for the purpose of exploiting the Mexican peon. I can not explain the reason for this fantastic theory, but this was the theory. Americans in Mexico City, a colony consisting of between 5,000 and 10,000 persons, realizing that their Government was about to make a decision in its Mexican policy that would be of far reaching importance, and feeling that their Government would be glad to avail itself of the opportunity of listening to the advice of Americans in Mexico, sent a committee of seven Americans to Washington to call on the Secretary of State and the President. Any European government would undoubtedly have been glad of the opportunity to consult its citizens of the type that composed this delegation to Washington and probably every American administration prior to the present one would have sought such advice. After a trip of 2,000 miles this delegation was permitted to see Mr. Bryan for a period of 10 minutes, during which time Mr. Bryan spoke 8 minutes; and was permitted to see Mr. Wilson for 20 minutes, during which their spokesman delivered an address which Mr. Wilson respectfully listened to but with a far-off expression in his eyes. Neither Mr. Wilson nor Mr. Bryan wanted to hear anything from Americans in Mexico or from Americans in this country who knew anything about the Mexican situation, and they ever after formed an effective quarantine against reliable information coming from unprejudiced and honest sources.

There were many incidents where American citizens, who had as their only concern the prestige and honor of their own country, were snubbed and insulted by officials of the American Government. One or two will be sufficient as illustrations. A delegation of citizens of El Paso, headed by Mr. Turney, a prominent lawyer, came all the way to Washington to beseech Mr. Bryan to intercede with the Mexican rebels to provide means whereby the American men, women and children stranded in Chihuahua could be brought to the border. Mr. Bryan did not receive this delegation in his office, but walked out into the waiting room and insulted them, telling them that they were not concerned with American women and children, but were thinking about their own property.

A Congressman from Texas, thinking that because of his knowledge of Mexican character his advice might be valuable, casually remarked to the President at a reception at the White House that he would like to come over some day and talk about the Mexican situation with him, whereupon the President told him very sharply that when he wanted to hear from him about the Mexican situation he would send for him. The President's attitude was so offen-

sive that the Congressman in question never afterwards felt at liberty to call at the White House.

Every honest American who came to Washington from Mexico for the purpose of telling the American Government the truth was insulted, whereas dishonest and discredited Americans who had no regard for the good name of their country and who would stoop to come to Washington and tell the Government what the Government wanted to hear, and what these Americans knew to be untrue, were always received courteously and in a number of cases were rewarded with appointments as personal representatives of the President to Mexico.

In this connection it is worthy of note that during all these troublesome times, when over 100 prominent and cultured Mexican expatriates have resided in New York, there is not a single instance where any of them was called into consultation by the President on matters relating to their country, and concerning which they would certainly be regarded as an authority by unprejudiced people.

MR. KEARFUL. We have heard a great deal about what is known as the Tampico flag incident and the subsequent occupation of Vera Cruz by the American forces, and there have been many conflicting and confusing statements made in regard to those incidents. Are you prepared to give a true story of what occurred at that time?

MR. BUCKLEY. Yes. I was in Tampico up to a few days before the occurrence of the so-called Tampico incident and have many friends and acquaintances there and facilities for acquiring correct information. I was in Vera Cruz the day before that city was occupied by American forces, and returned to Vera Cruz on Mr. O'Shaughnessy's train a few days after the capture of Vera Cruz when this gentleman was given his passport by Huerta. I remained at Vera Cruz for several weeks, where I was tendered the position of Administrator of Justice in the American government, established there by Admiral Fletcher, a position which I declined, and had opportunity through association with the American officials in Vera Cruz to ascertain the truth with regard to the landing of the marines and the incidents that led up to the same.

MR. KEARFUL. Will you proceed in your own way to tell the story of the Tampico flag incident and the consequent occupation of Vera Cruz?

MR. BUCKLEY. Mr. Wilson's attempt to eliminate Huerta by using the persuasive powers of Lind, and by employing his favorite method of appealing directly to the people of the country over the heads of its ruler occurred in August, 1913. Mr. Lind, who had familiarized himself with the entire Mexican situation by reading the Encyclopedia Britannica, which he afterwards plagiarized in a statement he made on Mexico, and by making a trip from Vera Cruz to Mexico City and back again and then associating with revolutionary spies at Vera Cruz, reported to the President what the President wanted to hear; that is, that the Mexican people were overwhelmingly opposed to Huerta and would very soon drive him out of power. The situation between the two countries became very tense, and the Huerta Government seemed to become stronger instead of weaker; Americans in rebel sections of the country were being mistreated and killed, and there was much general dissatisfaction in the United States with the situation in Mexico. To hurry

the triumph of the Carranza revolution, Mr. Wilson raised the embargo on arms and ammunition on the 3d day of February, 1914, without having first recognized the belligerency of the so-called Constitutionalist revolutionary government—a most extraordinary step. In his message to Congress of August 27, 1913, Mr. Wilson assured that body that Huerta would soon be eliminated by popular action of the Mexican people. On the contrary, the situation continued to lag and Huerta continued in power, much to the annoyance of the American Government. Finally, in March, 1914, the Tampico incident occurred, which gave Mr. Wilson the pretext for which he had long been waiting. A launch carrying marines from one of the American gunboats entered a prohibited zone within the range of firing at Tampico (the town was then being attacked by rebels), and the marines were arrested by a Huerta officer, acting under general orders, taken to military headquarters and there released without having been incarcerated, and, before any demand was made, the Huerta commander expressed his regrets to Admiral Mayo, in command of the American squadron.

Full details of this matter will be given later; but, suffice it to say, first, that the American flag was not insulted, and, second, that an apology was made before it was called for. This, however, was not sufficient, as the American Government was looking for a pretext for trouble with Huerta, in order to force him from a position where he was causing this Government much embarrassment.

We might for a moment pause here, in order to judge properly the extreme means that were taken by the American Government in this matter of the so-called insult to the American flag, and consider the sensitiveness of our Government in taking offense here compared with its attitude where the Carranza Government has repeatedly insulted our flag.

For instance, when the American refugees were taken out of Tampico on tankers in June, 1916, at a time when relations with Mexico were strained, a launch from one of the American gunboats carrying armed marines was delegated to escort the two tankers to prevent sniping by the Carranza soldiers, whereupon these soldiers fired on the American launch. When Capt. W. Pitt Scott, the splendid commander of the American gunboat *Marietta*, on his own initiative, called on the commander of the Carranza garrison to disavow the action of his soldiers the commander replied that he would not only not disavow this action, but that the soldiers were acting under his express orders. The American Government ignored this insult to the flag by the Carranza Government.

Not having been able to arouse the spirit of the American Government by this insult, Gen. Emiliano Nafarrate, the commander of the Carranza garrison at Tampico, then proceeded to write a series of insulting notes to Capt. Scott, one nearly every day for a week or so; in these notes he insulted the captain and the American Government, and expressed his opinion that the Americans were a treacherous race of cowards, that the American Government was playing false with the Mexican Government and was only waiting for an opportunity to conquer Mexico. Such conduct on the part of a Carranza official, one would think, might be construed as an insult to the American Government. I am informed that Capt. Scott reported the first insulting letter to Washington, but that upon re-

ceiving no acknowledgment from his Government he filed the rest of the letters away in a scrapbook as they came in.

On June 19, 1916, Carranza soldiers fired upon American naval officers and marines from the gunboat *Annapolis* at Mazatlan on the west coast of Mexico. I quote from Commander Kavanaugh's report as quoted in the New York Herald of the 23d of that month:

The Government issued manifesto that officers were not to land, and guard was placed on dock. I sent ashore Ensign Kessing to parley with the Mexicans and ask them to send for the acting American consul or for one of the Mexican officials so as to arrange for American citizens coming off to the ship. I sent Paymaster Mowat with the party as interpreter, no trouble being anticipated, as Mexicans had not molested earlier boats.

I ordered boat officer to keep clear of landing, so that his boat could not be rushed, and I forbade him entering the town, the plan being that the boat was to lie well clear of the dock, and the officers therein to confer with party on shore. By my orders arms were carried concealed in the boat, and boat officers had positive orders to keep them hidden, and not use them unless fired upon, in which case he was to return the fire. The boat was a motor sailing launch, with a crew of three men.

Coxswain of the boat reports that after brief parley, Mowat, interpreter, informed Kessing that the Mexican said it would be all right for them to land. They did so, and were immediately seized. Kessing ordered boat to return to ship and report what had happened. When Mexicans saw boat start off they motioned it to return. Coxswain told them to wait a minute and kept heading for ship.

When the boat was about 100 feet clear from the dock, Mexican custom official, in uniform, fired his revolver at the boat, bullet striking near it. Five or six shots were immediately fired at the boat by Mexican soldiers.

Needless to say, Carranza was not required to salute the flag. So far as we know he was not required to make any apology or explanation of any kind.

The New York Herald bureau in Washington had the following to say about this incident in the same number of the New York Herald:

That the recent international incident at Mazatlan in which two United States naval officers were arrested and an American seaman was gravely wounded was almost a duplicate of the incident at Tampico which led to the celebrated demand for a salute from Huerta was shown in a report received at the Navy Department to-day from Commander A. G. Kavanaugh, commanding the gunboat *Annapolis*. Mr. Daniels, Secretary of the Navy, was questioned to-day as to whether a salute from Carranza would be demanded in this case. Mr. Daniels replied with the statement that the situation was so delicate a one that speculation as to action to be taken should be avoided by good Americans. He said, however, that Admiral Cameron McR. Winslow, commander in chief of the Pacific Fleet, had no authority to demand a salute in this case, and also that Rear Admiral Henry T. Mayo had no authority to demand it at Tampico, though President Wilson supported that demand with battleships. Mr. Daniels added that the *Tampico* incident was different in that then the purpose was to force Huerta out of Mexico and that was accomplished.

In 1916 the Carranza authorities organized and executed many raids into Texas, the proofs of which are in the State Department. Many of these raids were in charge of the bandit De la Rosa. It was alleged at the time that Gen. Nafarrate, the aforesaid Carranza commander in Tampico, was in connivance with De la Rosa, an allegation which was ridiculed in Washington. As a matter of fact, a Mr. Rogers, a cousin of Postmaster General Albert Burleson, was sent to investigate the border troubles by the Department of Justice, and in the early part of 1916 he saw the bandit De la Rosa in Tampico at the Imperial Hotel being entertained by Gen. Nafarrate, and so



reported to the Department of Justice. Gen. Nafarrate at that time organized a military expedition against Texas, and I went down to the station in Tampico and saw this expedition leave that place, with arms and ammunition in a train provided by the Mexican Government. There was never any secret about this matter.

The above are a few incidents of insults of the American flag by the Carranza authorities, all without provoking armed, or any other kind, of intervention.

As a reprisal for the alleged insult to the American flag by the Huerta authorities in Tampico, the American marines were landed in Vera Cruz. It is interesting in this connection to note that, instead of taking the entire city of Vera Cruz, the capture of which could easily have been effected, the American forces took the customhouse and the post office and there waited for several hours while the Huerta garrison in Vera Cruz and the population of Vera Cruz were given an opportunity to arm themselves and attack the Americans. The reason for this was as follows: Lind had reported to the American Government that the people of Vera Cruz would welcome the landing of marines as an act of friendship, since their purpose would be to eliminate Huerta; that it would be merely necessary to capture the customhouse and the post office. Admiral Fletcher, in command of the American battle fleet in Vera Cruz, realized how ridiculous were the representations of Lind, as did also the capable American consul in Vera Cruz, Mr. William A. Canada, and worked out a plan for the occupation of the entire city, which he submitted to the American Government, and which Admiral Fletcher believed could have been effected without the loss of a man. The American Government paid no attention to Admiral Fletcher, but followed Lind's advice and ordered the capture of the customhouse and the post office on the theory that this would meet with the approval of the people of Vera Cruz and it would not be necessary to take the city. The result of this bungling was that over 20 American bluejackets and marines were killed. Mr. Lind, I understand, is still proud of his participation in this affair.

I do not imagine that the families of the boys that were killed in this affair felt compensated for this piece of gross negligence and criminal ignorance by the graciousness of the President in coming to New York and delivering an oration over the biers of the men who were killed, where he took advantage of the occasion to deliver a eulogy on himself. The President stated in part:

War, gentlemen, is only a sort of dramatic representation, a sort of dramatic symbol of a thousand forms of duty. I never went into battle, I never was under fire, but I fancy that there are some things just as hard to do as to go under fire. I fancy that it is just as hard to do your duty when men are sneering at you as when they are shooting at you. When they shoot at you they can only take your natural life; when they sneer at you they can wound your heart, and men who are brave enough, steadfast enough, steady in their principles enough, to go about their duty with regard to their fellowmen, no matter whether there are hisses or cheers, men who can do what Rudyard Kipling in one of his poems wrote: "Meet with triumph and disaster and treat those two imposters just the same," are men for a nation to be proud of. Morally speaking, disaster and triumph are impostors. The cheers of the moment are not what a man ought to think about, but the verdict of his conscience and the conscience of mankind.

Mr. Wilson was very evidently referring to himself.

Several versions have been given of just why Vera Cruz was taken. In the address just referred to Mr. Wilson stated:

We have gone down to Mexico to serve mankind if we can find out the way. We do not want to fight the Mexicans.. We want to serve the Mexicans if we can because we know how we would like to be free and how we would like to be served if there were friends by ready to serve us.

In his message to Congress, delivered on April 20, 1914, the day before Vera Cruz was taken, Mr. Wilson stated:

I therefore come to ask your approval that I should use the armed forces of the United States in such ways, and to such an extent, as may be necessary to obtain from Gen. Huerta and his adherents the fullest recognition of the rights and dignity of the United States.

In the resolution that Congress passed on April 22, the day after Vera Cruz was taken, it is stated that:

The President is justified in the employment of the armed forces of the United States to enforce his demand for unequivocal amends for certain affronts and indignities committed against the United States.

From this message and the resolution it would appear that Vera Cruz was captured to seek amends for an insult to our flag.

Admiral Badger stated in his message, dated April 21, 1914, to the Mexican commander at Vera Cruz, Gen. Maas:

The United States naval force seized the custom house this morning for the purpose of preventing certain munitions of war from being landed in Vera Cruz. The object of this act has been accomplished and the steamer *Ypiranga* is now anchored in the harbor over which the Admiral has control, and the munitions are in his hands.

Here it appears that Vera Cruz was taken for the purpose of depriving Huerta of arms and ammunition.

In Secretary Franklin K. Lane's statement that appeared in the press during the last Presidential campaign he told the truth. The Secretary said that Vera Cruz had been taken to show Huerta that when the American Government told him he had to get out, it meant business. The truth was out at last.

Parenthetically it is very interesting to recall that if the taking of Vera Cruz was to prevent arms and ammunition from reaching Huerta, and in which purpose 20 American lives were sacrificed, that the *Ypiranga*, a few days later, went down to the harbor of Coatzacoalcas, a short distance south of Vera Cruz, and there, with 50 or 60 American battleships, gunboats, cruisers, and torpedo boats, in charge of several admirals, patrolling the surrounding waters, landed its arms and ammunition, which a few days later reached Huerta's hands. Carl Heynen, the representative in Mexico of the Hamburg-American Steamship Line which owned the *Ypiranga*, called on the chief of port at Vera Cruz, Capt. Stickney, an unusually obtuse naval officer, and tried to get him to order him, Heynen, or even ask him, not to permit his boat to land the arms and ammunition in question, as Heynen was anxious for an excuse not to obey Huerta's orders, but this brilliant commander practically ordered Heynen out of his office.

Mr. KEARFUL. We have often heard about the incident of a large number of Americans who were besieged at the hotels in Tampico, and confusing and contradictory statements have been made with reference to the abandonment of the Americans at that place by the

commander of the American fleet. Will you please state the truth about that matter if you are able to do so.

Mr. BUCKLEY. This incident in the minds of Americans in Mexico bore the same importance as the landing of the Americans in Vera Cruz, because of its sinister implications. The facts of this case are as follows:

Small American gunboats had been kept in the river at Tampico a few hundred feet from the customhouse, from which marines could have been landed in 10 minutes, for at least two years, and at the time of the taking of Vera Cruz these small gunboats, together with several American battleships which were in the Gulf of Mexico within 3 or 4 miles from the mouth of the Panuco River, were under the command of Admiral H. T. Mayo. It must be borne in mind in this connection that Tampico is about 6 miles from the mouth of the river. During the afternoon or the night of April 20 (Vera Cruz was captured at 11 o'clock in the morning of the 21st) Admiral Mayo received orders to leave the harbor and go out into the gulf; at 10.30 the next morning Admiral Mayo obeyed orders and left Tampico.

The American Government knew, when orders were issued to Admiral Mayo to leave Tampico, that Vera Cruz was going to be taken, and Admiral Mayo knew this before he left the harbor at 10.30 on the morning of the 21st; nevertheless, neither Admiral Mayo nor the American Government made any arrangements whatsoever for the protection of American citizens in Tampico. As I said before, Vera Cruz was captured at 11 o'clock. At 1 o'clock a notice to this effect was posted on the doors of the municipal building in Tampico. By 5 o'clock that afternoon a mob of thousands of Mexicans had surrounded hundreds of American men, women, and children who had taken refuge in the Southern and Victoria Hotels in Tampico and threatened to kill them. Without hearing a word from either the American Government or Admiral Mayo, the captain of the German gunboat *Dresden*, which was in the river near the custom house, came to the rescue of the besieged Americans and ordered the Mexican authorities in Tampico to disperse the mob within fifteen minutes. This was done, and then the German captain arranged to take the Americans on the German and English gunboats lying near the customhouse, and on two or three other boats lying in the river under the protection of English and German guns, and the embarkation of the Americans under the protection of English and German guns was begun between 9 and 10 o'clock that night—the night of April 21st—and was concluded before 2 o'clock in the morning.

A week or so later, when a committee of American citizens from Tampico called on Secretary of the Navy Josephus Daniels to ask him why American gunboats had been maintained in Tampico for two years or more and then had abandoned the American citizens the first time their protection was needed, Secretary Daniels first stated that the gunboats were in the Gulf of Mexico, just outside of Tampico, where they could give full protection to Americans. He was informed that Tampico was situated 6 miles from the mouth of the river and that, consequently, the gunboats were anchored in the Gulf 8 or 10 miles from Tampico, from which place they could

give no protection to American citizens. To this Secretary Daniels made the astounding reply that he had been under the impression that Tampico was situated on the Gulf. Secretary Daniels then stated that arrangements had been made with the British and Germans for the protection of the American citizens of Tampico before the American gunboats were withdrawn, but unfortunately for Secretary Daniels, the spokesman of the committee had been present at the last meeting between Admiral Mayo and the American consul at Tampico and knew that Daniels' statement was not true, and told him so. Daniels then coolly retracted his statement.

During the last presidential campaign Admiral Mayo made a statement, at the instance of the Democratic National Committee, which appeared in the New York Times on October 9, 1916, not quite 30 days before the election. The New York Times' story is as follows:

Admiral H. T. Mayo's own story of the so-called "Tampico incident," regarding which it has been charged by Republicans that American citizens were deserted in Mexico and their property destroyed, was made public yesterday through the Democratic National Committee in the form of an interview with Admiral Mayo by George Creel, a writer. Mr. Creel also interviewed Admiral Fletcher on what happened at Vera Cruz. Admiral Mayo was in command of the American naval forces at Tampico, and the entire "incident" centered around him.

"It is misrepresentation," he said, "to say that American citizens in Tampico were deserted in an hour of imminent danger. It is distorting facts to say that Americans, robbed of the protection of their own flag, were forced to seek refuge under the colors of a foreign power. It is not true that the Tampico affair was marked by gross bungling. The fact that close to 3,000 Americans were taken out of the city, without loss of life or destruction of property, is a result that ought to speak for itself. I have no interest in parties or political controversies, but I have a very deep interest in the honor of the United States, the pride of the American Navy. It is this honor and this pride that I am glad to defend against aspersion and misrepresentation."

The interview with Admiral Mayo was obtained on the deck of the Yankton, in Hampton Roads. Secretary of the Navy Josephus Daniels gave the admiral permission to talk to the interviewer as the result of widespread insistence that the "one man who knew" should be allowed to give all the facts in the case.

#### CONDITIONS NORMAL ON APRIL 20.

The admiral said, in his story of the affair:

"On April 14 Federal reinforcements had arrived, and the whole situation had improved to such a degree that I brought all the refugees in from the battleships and landed them in Tampico again. The rebels abandoned their attack on the city and withdrew, business was resumed, and conditions appeared perfectly normal. On April 20, in the evening, I received a wireless from Admiral Fletcher, stating that Secretary Daniels had ordered me to Vera Cruz, with all my ships except the Des Moines, which was to remain at Tampico."

"Then at the time Secretary Daniels issued the order, on April 20, he had every reason to believe that affairs at Tampico were normal, and that they had been normal since April 14?" Admiral Mayo was asked.

"That is the case, if by normal you mean what had existed for quite a while," he replied.

"The charge has been made, and is now being made repeatedly that both you and Consul Miller sent bitter protests to Secretary Daniels, and that he ignored them. Is this true?" was the next question.

"It is absolutely untrue," he said. "I have since learned that it was not until Admiral Fletcher filed his report in May that the Navy Department ever knew that a protest had been made. It was my judgment that I should remain at Tampico. I put this judgment up to Admiral Fletcher, my ranking officer, and he approved. Radio communication was difficult, however, and

as his answer had not arrived by 7 o'clock on the morning of April 21, I arranged to start down the river.

"Just before passing out of the jetties, about 10.30 a. m., I received a wireless from Admiral Fletcher approving my recommendation and telling me to retain the *Connecticut*, *Dolphin*, *Des Moines*, *Cyclops*, and *Solace* to look out for American and foreign lives until other provision was made; also giving me my first information that he had been ordered to seize the customhouse at Vera Cruz. I sent word back that I was outside and would remain outside for further orders or developments. I was about 6 miles from Tampico.

COOPERATED WITH BRITISH SHIP.

"I received so many alarming reports during the night of the 21st and 22d that I decided to go up the river on the morning of the 22d and bring out the Americans. Early on the morning of April 22 I sent a message to Capt. Doughty of the British cruiser *Hermione*, telling him of my intent, and asking him to inform Gen. Zaragoza that I was coming in for the sole purpose of taking out American citizens.

"Capt. Doughty at once made a request that my plan should be changed. He pointed out that it was not only Americans who were concerned, but also English, German, French, and Spanish. He did not doubt my ability to handle the Tampico situation, but he did fear for the safety of all foreigners in the city and in the interior. One shot from my guns, one clash between my men and the Federal forces, and a fire would be lighted that would spread far faster than any relief expedition could hope to follow. What he suggested was that I should remain outside and permit him to collect all Americans quietly and slowly and then send them out to me.

"For three days the work of rescue went on. We took out about 3,000 Americans, dividing up among the ships as best we could. I chartered one steamer, and also had sent me two transports, the *Hancock* and the *Dixie*, and two Ward Line steamers. I sent about 2,100 American to Galveston in these vessels and the *Connecticut* and some colliers and destroyers. Also later sent a large number to New Orleans."

"Were any lives lost, Admiral Mayo?"

"Not a single life."

"Any property destroyed?"

"None, except losses incident to the rebel attack. Surely such results ought to constitute a sufficient answer to misrepresentations and aspersions. No bloodshed; no destruction. It would have been easy for me to have smashed Tampico into bits with my guns. Not only did I have the battleship *Connecticut*, the *Des Moines*, and the *Dolphin*, but early on the morning of the 22d three divisions of destroyers from Admiral Badgers fleet came up."

This statement is not true; I have already stated the facts. The admiral states:

"It is misrepresentation to say that American citizens in Tampico were deserted in an hour of imminent danger." The admiral himself admits that his boats left the Tampico Harbor at 10.30 on the morning of the 21st, and that Vera Cruz was taken at about 11 o'clock the same day, and that he knew when he left the Tampico Harbor that Vera Cruz was going to be taken. The fact that there was danger is proved by the formation of a mob within a few hours after Admiral Mayo left the harbor. The admiral states that his boats were within 6 miles of Tampico, and, the inference would be, near enough to protect Americans. This is misleading. In the first place, I do not think the boats could have been closer than 8 miles to Tampico, and certainly they were not close enough, since they were out in the Gulf of Mexico, to render any assistance to Americans. It must be recalled that these boats had been in the Tampico Harbor, and the American gunboats had been there for over two years, within a few hundred feet of the customhouse, where, as I stated before, marines could have been landed in 10 minutes. There could, conse-

quently, be but one interpretation placed on their removal, and that was the interpretation placed upon it by the mob in Tampico, that all protection to Americans had been withdrawn. The admiral stated that "the fact that close to 3,000 Americans were taken out of the city, without loss of life or destruction of property, is a result that ought to speak for itself." He neglects a very important fact, and that is that all of these 3,000 Americans were taken out of Tampico by the Germans and English and transported down the river 6 miles to its mouth and out into the Gulf to the American battleships under the gallant command of Admiral Mayo. To the question, "Then, at the time Secretary Daniels issued the order on April 20, he had every reason to believe that affairs in Tampico were normal, and that they had been normal since April 14?" Admiral Mayo replied: "That is the case, if by normal you mean what had existed for quite a while."

The fact is, and Admiral Mayo knew it, that Daniels knew on April 20 that Vera Cruz would be taken, and that Daniels ordered the boats out of Tampico, not to aid in the capture of Vera Cruz—there were plenty of boats in Vera Cruz for this purpose—but because he felt, in his ignorance, that the presence of gunboats in Tampico might inflame the people against Americans, whereas the withdrawal had just the opposite effect of what was intended.

The Admiral then states:

I received so many alarming reports during the nights of the 21st and 22d that I decided to go up the river on the morning of the 22d and bring out the Americans. Early on the morning of April 22 I sent a message to Capt. Doughty, of the British cruiser *Hermione*, telling him of my intent and asking him to inform Gen. Zaragoza that I was coming in for the sole purpose of taking out American citizens. Capt. Doughty at once made a request that my plans be changed; \* \* \* he feared for the safety of all foreigners in the city and in the interior; \* \* \* one shot from my guns \* \* \* and a fire would be lighted that would spread far faster than any relief expedition could hope to follow. What he suggested was that I should remain outside and permit him to collect the Americans, quietly and slowly, and then send them to me.

This communication from Admiral Mayo to Capt. Doughty was on the morning of the 22d. The Americans had been rescued the night before, removed from Tampico to the boats in the river, and were all safe under the protection of British and German guns. What Admiral Mayo's idea could have been in returning into the river after Americans were safe he does not explain.

As a matter of fact on the morning of the 22d, when breakfast was served to American refugees on the *Hermione* the same Capt. Doughty stated to the Americans that he did not have enough dishes or food to serve them all they might want to eat; that he was under no obligation to protect them; that it was the duty of their own Government to protect them, and that since their Government had failed them he had taken charge of them from purely humanitarian motives.

Admiral Mayo continues:

For three days the work of rescue went on. We took out about 3,000 Americans, dividing up among the ships as best we could \* \* \*.

Were any lives lost, Admiral Mayo?

Not a single life.

Any property destroyed?

None, except losses incident to the rebel attack. Surely such results ought to constitute sufficient answer to misrepresentations and aspersions.

Again an attempt to mislead. It took three days to transfer American refugees from English and German boats to American boats, but this was done from 6 to 10 miles from Tampico, out in the Gulf where it was difficult to transfer because of the heavy seas. In stating that no American lives were lost, Admiral Mayo must have referred to the splendid seamanship of American sailors in not dropping American women and children into the Gulf when they were transferred from English and German boats to American boats.

We have here the extraordinary spectacle of an admiral in the United States Navy making a statement which he knew to be untrue for the purpose of subserving the political ends of the party then in power. It was not a surprise to the Americans in Tampico that an admiral who would desert his post of duty at such a time should also make this statement.

Mr. KEARFUL. What opportunities have you had to secure personal information with reference to what occurred at the Niagara conference, which was a conference between representatives of the American Government and of Huerta?

Mr. BUCKLEY. I was in Vera Cruz in May, 1914, when the three delegates of the Huerta government to the Niagara conference, Lic. Emilio Rabasa, Lic. Luis Elguero, and Lic. Agustin Rodriguez, passed through Vera Cruz on their way to Niagara Falls to attend this conference. These gentlemen asked me to accompany them as counsel, which I did, and we went from Vera Cruz to Habana by steamer, from there to Key West by steamer, and from there to Washington by train. During this time I had the opportunity of ascertaining the ideas and the purpose of the delegates in question. From Washington the Mexican delegation went to New York and a day or so later proceeded to Niagara Falls.

Mr. KEARFUL. Were you in close touch with the members of the Mexican delegation from the time of your first connection to the close of the conference?

Mr. BUCKLEY. Yes.

Mr. KEARFUL. Did you have occasion to confer with American officials on the part of the Mexican delegates at this time?

Mr. BUCKLEY. I remained in Washington throughout the conference, except for the last week, and was constantly in touch with the officials of the American Government, principally Mr. William Jennings Bryan, Secretary of State, during this entire time as representative of the Mexican delegation.

Mr. KEARFUL. The committee would like to have from you a complete statement, in your own way, of the purposes, proceedings, and result of the Niagara conference.

Mr. BUCKLEY. A few days after the taking of Vera Cruz the Huerta government received an invitation from Argentina, Brazil, and Chile to participate in a conference with the representatives of the American Government under the auspices of those countries for the purpose of solving the questions that had arisen between the United States and Mexico. A member of Huerta's cabinet, without the knowledge of Huerta, called in secret meeting a group of Mexican statesmen who had taken no part in the Huerta government and informed them that the time had come when they must take an active

part in the affairs of their country, regardless of their own preferences, if they would save Mexico from conquest by American troops. It can readily be seen that Mexicans who had not been connected with the Huerta government did not at that time care to become involved with a government that, since the occupation of Vera Cruz by American troops and the backing of the Carranza revolution by the United States, was doomed to last but a few weeks longer. These men foresaw what the consequences of such association might be. Nevertheless these gentlemen agreed with Huerta's minister, and upon the statement by this minister that if they would select a delegation to the conference he would insist that Huerta appoint it, they at once selected probably the three ablest Mexicans in Mexico, Lic. Emilio Rabasa, Lic. Luis Elguero, and Lic. Agustin Rodriguez, all lawyers of note, two of whom, I understand, had never held public office. Huerta appointed these gentlemen.

When the Mexican people saw these three patriotic men leave the country for the purpose of conferring with the American Government, they breathed a sigh of relief, for they felt sure that no mean spirit of partisan advantage would be permitted to stand in the way of an honorable settlement of the difficulties between the United States and Mexico. These delegates represented what was best in Mexico, and the United States could not then or now produce abler men than those comprising the Mexican delegation. No government could have had a better opportunity to learn something about another country than the American Government had in its association with these three gentlemen, and the opportunity of the American Government to reach an understanding with what was best in Mexico was one that few Governments would have overlooked.

It was natural to assume, since the object of the taking of Vera Cruz, as set out in the President's message to Congress and in the resolution passed by this body, was for the purpose of compelling Huerta to make amends for his alleged insults to the American flag, that negotiations would be limited to a discussion of this matter. The Mexican delegation came fully prepared to make such amends as the strong American Government might demand, provided they were consistent with the independence of Mexico. They soon suspected that instead the internal affairs of Mexico would be taken up at this conference, and in their impotence to resist this encroachment on the sovereignty of Mexico they reconciled themselves to discuss these matters.

Before arriving in the United States the Mexican delegation learned that the ministers of Argentina, Brazil, and Chile had invited Carranza to send representatives to the conference that was to adjust differences between Mexico and the United States, and had advised Carranza that since his representatives and Huerta's representatives must appear in the same conference, it was only reasonable and just that hostilities should be suspended pending the termination of the same. To this invitation Carranza replied that he would send delegates to treat of the differences between the United States and Mexico—that is, the differences between the United States and Huerta—but that he would not agree to suspend hostilities, and that



he would not deal with Huerta. Under the circumstances there was, of course, no object in his sending representatives, and the mediators immediately advised him that since he refused to suspend hostilities they felt compelled to withdraw their invitation to him to participate in the conference.

This invitation to Carranza was in itself sufficient indication that the internal affairs of Mexico were to be discussed and that negotiations were not to be limited to the flag incident, and this impression was confirmed upon the arrival of the Mexican delegates in Washington. The mediators, in a conference they had with the Mexican delegates on the afternoon the latter arrived in Washington, advised these gentlemen that the American Government would insist upon taking up the internal affairs of Mexico and would insist that Huerta be eliminated; that if the Mexican delegation would only agree to this, they would have no trouble with the American Government, everything would be satisfactorily arranged, and the American Government would agree that a government be established in Mexico satisfactory to all parties.

If you will recall the situation in May, 1914, just after Vera Cruz was taken by the American troops, you will remember that the general impression prevailed in the United States that a conflict had arisen between the American Government and Huerta, and there was general insistence that the prestige and pride of the American Government required that Huerta be eliminated from power, even though it be necessary to occupy Mexico for that purpose, and that the press was demanding that Funston's troops be sent on up from Vera Cruz to Mexico City. The predicament of the American Government was most embarrassing, since it had decided to take Vera Cruz on the theory that it would thereby gain the gratitude of the Mexican people, who would immediately overthrow Huerta, but found instead that as a result of criminal ignorance over 20 Americans and hundreds of Mexicans had been killed, and that the Mexican people had rallied around Huerta. The American Government had misjudged the situation; it did not want to go through with its undertaking to eliminate Huerta, since this involved the military occupation of a large part of Mexico; and it did not want to recede in the face of American public opinion, which opinion was not interested in the motives that impelled the American Government to make the decision that Huerta should be eliminated, but whose pride and vanity were aroused when this decision was made, and who insisted that the American Government go through with its project. The American Government eagerly seized at the opportunity for a conference in order to gain time. When the Mexican delegation arrived in the United States the entire press was speculating as to whether Huerta would consent to resign, the general impression being that he would stay in Mexico and die at his post.

This will impress upon you the importance at that time of Huerta's resignation, the intense anxiety that the American Government felt, and its extreme desire to secure this resignation and thus relieve itself of embarrassment. Foreseeing that Huerta's resignation would be required, and that there would be an impasse unless this were forthcoming, the Mexican delegates insisted, as a prerequisite to their acceptance of the mission, that Huerta agree

to resign, and the latter did so before the delegation left Mexico City. The Mexican delegation realized the importance of coming to an agreement with the United States as soon as possible, but at the same time understood the importance of coming to a definite understanding as to what was to follow this resignation.

The Mexican delegation, at their first informal conference in Washington with the mediators, did not commit themselves to Huerta's elimination, although they heard with satisfaction that if this were accomplished a neutral government satisfactory to all factions would be established in Mexico.

The next day the Mexican delegation went to New York, and spent a day or so there before leaving for Niagara Falls. A prominent Democratic Senator called on one of these gentlemen—they were under the impression that he had come from Washington to see them—and told them that if they would only induce Huerta to resign their troubles would be at an end, and that the American Government would see to it that a neutral government satisfactory to all factions would be established in Mexico.

Although the Mexican delegation had no doubt that what the mediators said was authoritative, as also what the United States Senator said, nevertheless they asked me to remain in Washington, and to see the President, either directly or indirectly, the day after they left Washington and inform him officially that Huerta would resign, and that in submitting this offer it was the understanding of the Mexican delegation that a neutral government should be established in Mexico. I called on Dr. D. F. Houston, Secretary of Agriculture, whom I had known for some years, and explained the situation to him and stated the attitude of the Huerta delegation, and informed him of the assurance of the A B C mediators given to the Huerta delegation. Dr. Houston was very much pleased, and stated that, even without the voluntary resignation of Huerta, Mr. Wilson would insist that neither Carranza nor Villa nor any of their active adherents be President of Mexico, under the theory that he had expounded as the basis of his Latin-American policy that he would recognize no man who had risen to office through force, which would eliminate the leaders of the revolution; that, as a matter of fact, these leaders were not seeking power and were unselfish in their efforts to relieve Mexico of a tyrant. This was on Sunday, and Dr. Houston promised to call on the President the next day and advise him of this message from the Mexican delegation. I heard nothing further from Dr. Houston, and advised the Huerta delegation that they could proceed with all confidence.

The Mexican delegation, in order to be sure of their ground, consulted Huerta by telegraph asking him to confirm his offer to resign and advising him that a neutral government would be established. Huerta immediately replied, confirming his authorization to them. The Mexican delegation, in all good faith, officially advised the American delegation and the mediators, at the first full session of the conference, that they were authorized to state that Gen. Huerta had agreed to resign and eliminate himself from the situation.

You can readily see that after Huerta's promise to resign had been published he lost his hold on the Mexican people, as they considered that he had surrendered in his fight with the President of

the United States. After this news was published, what prestige Huerta had in Mexico was gone, and there was no way for him to recover it. Thereafter the Mexican delegation was at the mercy of the American Government.

It was natural that since the American Government insisted that the internal affairs of Mexico be settled at this conference, it should also insist, in fact compel, Carranza to participate in the conference. It was expected that the American Government, because of its sponsoring of the revolution, could induce these men through moral pressure, to send a delegation, and all knew that it could compel them to participate by exercising the material pressure at its command. The Mexican delegation, after perfunctorily offering to make amends to the United States in return for the immediate evacuation of Vera Cruz, a request which was refused, asked that an armistice be arranged between the contending parties in Mexico, involving a suspension of hostilities, and that Carranza be asked to send delegates to the conference. The American Government offered to exert its influence to the end that the Carranza revolutionary junta in Washington agree to both of these propositions, and I have no doubt that the Government did use its best offices to accomplish these purposes; but the Carrancistas refused to suspend hostilities.

The Mexican delegation then asked that inasmuch as the Carrancistas would not appear in the conference, they be eliminated from consideration; the American delegation refused to accede to this, and proceeded in the discussions that followed themselves to represent the claims of the Carranza faction. The Mexican delegation then asked that since the American delegation was representing the cause of the Carranza faction, and the latter would receive the benefit of any advantageous arrangements, it agree that the Carranza faction would abide by the results of the conference; this reasonable request was also refused by the American delegation.

Early in the conference the American delegates agreed to waive an indemnity and to waive an apology as a result of the alleged insult to the American flag, which eliminated the international aspect of the conference, and proceedings from then on dealt exclusively with the establishment of a provisional government in Mexico, which was to call elections in order that the Mexican people might be given the opportunity to designate their permanent government. It was agreed that a commission composed of a president, who should be neutral, two Huerta adherents, and two Carranza adherents, should continue the provisional government.

The Mexican delegates to the conference and the mediators were anxious to come to an agreement as soon as possible and conclude their labors. The American delegates delayed matters from one day to another without satisfactory explanation. This was undoubtedly due to the fact that the American delegates soon learned that they had absolutely no authority and were compelled to consult the American Government on each matter as it came up, and to the fact that the American Government could not agree to anything until it had consulted the Carranza revolutionary junta.

It must be remembered that the embargo on the shipment of arms and ammunition to Mexico had been raised some time before, with the result that Carranza and Villa were getting all the arms they

needed, but that Huerta was getting none. As a result of the possession of these means of warfare, and as a result of the loss of prestige that came to Huerta after he agreed to resign, the revolution was making great progress. The Mexican delegation had insisted from the very beginning that if the American Government could not induce Carranza to suspend hostilities, it certainly could, to show its good faith, place an embargo on arms and ammunition, pending the conclusion of the conference between the Huerta delegates and Carranza revolutionary junta, represented by the American Government. The American Government, finally, about the 1st of June, agreed to place an embargo on arms and ammunition.

Three or four days after this new embargo was declared, the Ward Line steamer *Antilla* sailed from New York for Tampico with a large supply of arms and ammunition to the Carranza forces. The Mexican delegates immediately wired me, and within a few hours after the boat sailed I called on Mr. Bryan, feeling confident that there had been some mistake.

I reminded Mr. Bryan of the embargo which had been declared a few days before and asked him how it was that the boat had been permitted to leave the United States, to which Mr. Bryan replied that he understood that the order had not reached New York until an hour or so after the boat left. My recollection now is that the order was issued on Thursday and the boat left on Tuesday. I asked Mr. Bryan how he accounted for this delay, to which Mr. Bryan replied that he really could not account for it. He said that he of course could call in the chief of the proper section of the State Department and ask him, but that this would look as if he were criticizing this chief, and of course he could not do that; or that he might call in the "press boys" and ask them how this had happened, but that it would not look exactly right for him to go outside of his department for information, and that he didn't care to do this. Mr. Bryan, however, seemed to be entirely satisfied to remain in ignorance as to why this order had been delayed four days or so in arriving at New York; the matter did not seem to bother him at all, and it did not seem to occur to him that he of all men ought to know just what had happened.

I then asked Mr. Bryan to have the boat recalled, as it was only a few hours out from New York; Mr. Bryan declined to do this. I asked him then to order the boat to unload the arms and ammunition in Habana, where it touched before reaching Vera Cruz; Mr. Bryan declined to do this. I then asked him to order the captain of the boat not to unload the arms and ammunition in Tampico, but Mr. Bryan declined to do this. In other words, he insisted on breaking faith with the Mexican delegation.

Huerta immediately issued orders to his gunboats not to permit the *Antilla* to enter the port of Tampico, whereupon the American Government announced that the American squadron at Tampico would prevent the Mexican gunboats from interfering with the *Antilla*. The right of the American Government under international law to prevent Huerta from stopping a boat carrying arms and ammunition to the revolutionary faction is, of course, conceded by no one. This determination of the American Government also, of course, constituted another act of intervention in the internal affairs

of Mexico. In addition, it is a stain on the honor of the United States.

In connection with the embargo on arms and ammunition, and the promise of the American Government to the Mexican delegation and to the mediators not to permit American arms and ammunition to reach Carranza, I will state that Mr. Lind, personal representative of the President and active Carranza revolutionary agent, was then in Washington, extremely busy as a messenger between the Carranza revolutionary junta and the State Department; he was carrying orders from the revolutionary junta to the department. Mr. Lind stated generally that while no more *Antilla* incidents would occur, the revolutionaries had arranged to get all the arms and ammunition they wanted; that this would be accomplished by having ships take out their papers to Habana and then go to Tampico; and that the American Government had consented to the evasion. I immediately called on Mr. Bryan and asked him if this were true, and he stated that it was. Mr. Bryan stated that these ships would take out papers to Habana, and that the American Government would have no official knowledge that they were going to Tampico; that if, after they got out in the Gulf, they diverted their course the American Government would have nothing to do with it, or, as Mr. Bryan insisted, the American Government would have no "official knowledge." Mr. Bryan seemed to draw a very marked distinction between himself as Mr. Bryan and himself as Secretary of State. No further confirmation of the bad faith of the American Government was needed.

Mr. Lind's and Mr. Bryan's words were made good. On June 6 a million cartridges were shipped on the steamship *Sunshine* from Galveston to Tampico. Thereafter the schooners *Sunshine*, *Grampus*, and *Susan* made six trips from Galveston to Tampico, each time carrying shipments of war materials to the Carranza revolutionaries; all these boats, according to the speech of Representative Rogers, previously referred to, were consigned to Habana, but "by stress of weather they were blown to Tampico."

An incident that occurred in the above conference with Mr. Bryan will indicate the type of mind that the Mexican delegation and the mediators had to deal with. Mr. Bryan stated, leaving aside for a moment the engagement of the American Government, that there was no reason why Carranza should not receive arms and ammunition since Huerta had received them through the *Ypiranga*, the boat which, you will remember, was the occasion of the landing at Vera Cruz according to Admiral Badger, and which unloaded its arms and ammunition a few days later at Coatzacoalcas, a short distance south of Vera Cruz. I reminded Mr. Bryan that Huerta felt no gratitude to the American Government for getting these munitions, as it was a case of bad management by the American Government. Mr. Bryan then stated that when Admiral Fletcher reported to the Government that these arms were being unloaded at Coatzacoalcas the American Government thought there was a mistake and consequently did nothing until it was too late, as he had received assurances from the German ambassador to the effect that the Hamburg American Line would not deliver this cargo to Huerta; Mr. Bryan then thought a minute, and said that "No; he would not be positive that the German ambassador had given this assurance." He

then thought another minute and said that he was quite sure now that the German ambassador had not given such assurance.

After the American and Mexican delegations had agreed that there would be a neutral government as outlined above, it was arranged with the Mexican delegation that they should name several neutrals who would be considered by the American Government in the selection of one to be President of the new commission. The Mexican delegation and the American delegation discussed this matter for several days, and I discussed it several times with Mr. Bryan. The American Government did not seem to be able to make a choice, and something seemed to be the matter. Finally I had a conference with Mr. Bryan on June 6, in which the situation was defined. I quote from the translation of a letter I wrote to one of the Mexican delegates on June 7:

I passed the entire day yesterday in conference with Mr. Garrison [Secretary of War] and Mr. Long, Chief of the Department of Latin-American Affairs in the State Department; in the afternoon I saw Mr. Bryan for a moment, and last night I was with this gentleman from 9 until after 11.

The officials of the State Department, including Mr. Bryan, seemed to be very much preoccupied yesterday, but last night Mr. Bryan was again his normal self, due no doubt to his conference with the President.

Mr. Bryan, with admirable frankness, advised me of the attitude of the administration, in view of which you may deduce the result of the conference.

The Government [American Government] considers that Huerta can not remain in power many days longer [Mr. Bryan states]; that everybody knew this when the conferences were initiated, and that since the authority of Huerta was doomed to disappear, and since Carranza was to enter into authority, the principal object of the conferences was and is now to carry out the inevitable without the shedding of blood and to transfer the Government of Mexico from the hands of Huerta to those of Carranza by peaceful means. That if Carranza were placed under the necessity of conquering the capital he might not be able to contain his people in their desire to commit revenge; that a durable peace could not come as a result of compromise [this was an exact repetition of what Cabrera had told me a day or two before]; that he thought the attitude of the Mexican delegation was arbitrary in insisting that Carranza should consent to an armistice, although he personally had tried to persuade him to accept this condition; that the influence of Washington with the rebels was exaggerated, but that even if it did have sufficient influence the government would not exercise it for the reason that what the Mexican delegation asks is that the American Government aid in perpetuating in Mexico, not Huerta but Huerta's régime; that no effort of the Mexican delegation can induce the American Government to break with the Carrancista régime, which this Government considers has the support of the Mexican people and which will form the government which is destined to pacify the country, and with which the American Government must treat; that the government of Huerta had taken every pretext to insult the Government of the United States, and that when the proposition was made to Huerta through Lind that he consent to an armistice he had replied with insults, and that in view of his attitude he could not expect from Washington an attitude hostile to the rebels.

I reminded Mr. Bryan that we had been dealing now for some time on the selection of a neutral for provisional President and that his attitude constituted a decided change, to which he agreed. I then reminded him that the Mexican delegation had participated in the conference and had induced Huerta to agree to resign on the representation and promise of the American Government that it would agree to a neutral as provisional President; at this Mr. Bryan became very much annoyed and stated:

When you can't keep a promise you can't keep it, and that is all there is to it; I don't want to hear any more about it.

I then asked Mr. Bryan if the American Government would consent to the appointment as provisional President of a constitutionalist who had not taken up arms—that is, a civilian constitutionalist—that if he would consent to this it would help to save the pride of the Mexican delegation and would also show that the American Government was consistent in the doctrine it had laid down that it would not recognize in Latin-America any man who arose to power through force. Mr. Bryan thought over this for a long time, and then finally told me frankly that the American Government would agree on nobody for provisional President but Carranza. I finally asked him, then, if the American Government would be consistent in the policy it had announced with regard to Huerta and would agree that since Carranza was to be provisional President he must not be a candidate for permanent President, and that the American Government would not recognize him as such. Mr. Bryan said, “No; Carranza must be provisional President and permanent President.” This ended the conference.

Since the American delegation to the Niagara conference had agreed that of the commission of five the President would be a neutral, their position was most embarrassing. A few days after I saw Mr. Bryan and reported the result of the conference to the Mexican delegation, the American delegation weakly proposed that this neutral Provisional President be Gen. Angeles or Gen. Natera, two revolutionary generals. This was so absurd that the Mexican delegates advised the mediators that they would not continue this cynical discussion.

At about that time Villa decided to revolt against Carranza, and Carranza, fearing that he would lose out all around, sent word to the mediators that he would participate in the conference but that he would first have to consult his subordinates, with which maneuver he gained a little time. The mediators, anxious to end this humiliating conference, announced that since all international difficulties had been satisfactorily adjusted, it would be best to adjourn the conference and have the Huerta delegates and the Carranza delegates agree on a neutral government, independent of outside dictation. A few days later, when Carranza had adjusted his difficulties with Villa, he refused to participate in the conference.

In this whole connection it is interesting to speculate on American prestige in Latin America.

**Mr. KEARFUL.** The committee is interested in having a true picture of the Carranza revolution from its inception to the time of his entry into Mexico City. Are you able to draw such a picture?

**Mr. BUCKLEY.** The Carranza revolution, in spite of the encouragement it had received from the American Government, including the permission to introduce arms and munitions, had not progressed as rapidly as its friends had expected. The Mexican people soon perceived the purposes of the revolution and did not sympathize with it. At an early stage of the revolution, when Carranza was in Hermosillo, Sonora, controlling a small portion of territory, he gave an interview to Mr. Hamilton Fyfe, a correspondent representing a large English newspaper, which shocked everybody who read it, and which confirmed abroad the impression that the Mexican people had already

gained of the purpose and nature of this new revolution for the redemption of Mexico. This interview is as follows:

"Have you any definite plans for land reform and other reforms?" I inquired.

He thought a moment. Then he replied: "The first necessity is the fair and free election of a President. The election which is proposed now will be a farce. In the disturbed state of our country it is impossible to hold a proper election. Large numbers of voters will not know anything about it. We Constitutionalists refuse to recognize any President who may be returned at the fraudulent election. We shall execute anybody who does recognize him."

"I beg your pardon," I said. "Would you kindly repeat your last statement?"

I thought I must have misunderstood it.

"We shall," the general said calmly and as if he were making a perfectly natural remark, "execute anyone who recognizes a President unconstitutionally elected and directly or indirectly guilty of participation in the murder of Madero."

Carranza's revolution never at any time had popular support. Carranza propagandists in the United States ask, if this is true, why the Carranza revolution prospered and why Carranza has not been overthrown. If a Government depends for its existence in Mexico on popular support, these propagandists might answer why it was Diaz remained in office for 35 years. The truth is that it does not matter what a great majority of the Mexican people think: the mass of the people have not the ability to think clearly, and have not the knowledge on which to base convictions, or the public spirit to act on them. As a matter of fact, the Carranza revolution succeeded and the Carranza Government has remained in power, in the first place, because it has been backed by the American Government and, in the second place, because it has utilized the bandits of the country, who have the virility to make subject the entire Mexican population of 15,000,000, with the very valuable support, we must not forget, of the American Government.

The irresponsibility of the mass of the people in Mexico is incomprehensible to the average American. Where a city like Mexico City, with a population comprising 100,000 men, all Catholics, will permit a man like Obregon, and the 3,000 ruffians who comprised his army of occupation, to starve the city and take over 150 priests, march them through the streets of the city to jail, and then load them in box cars and cattle cars and ship them out of the city, without making any resistance outside of a feeble manifestation, such a people have not the public spirit to establish a government based on their own will.

I will not go into details of the Carranza revolution, and shall refer only to certain instances that will explain its nature. Even the peon schoolboy in Mexico knew that Carranza's revolution was a revolution sponsored by the United States and that the American Government had placed Carranza in power. Both because Carranza and his followers are the type of Mexican that make the hatred of the American a religion, and also undoubtedly because of their sensitiveness to the reproach of their own people that they were the puppets of the American Government, the Carrancistas devote a great part of their energy to mistreating the Americans and robbing them of their property.

It had been thought up to the time of the Niagara conference that the American Government was more or less directing the policy and



guiding the steps of the revolution. As a matter of fact, a fact easily ascertainable by those who are interested, the Mexican revolutionary junta in Washington was directing the Mexican policy of the American Government. During the course of the Niagara conference Mr. Bryan repeatedly gave me phonographic repetitions of statements that Mr. Cabrera and Mr. Vasconcelos had made to me earlier in the day. Mr. Bryan delayed many of his decisions during the course of the conference so as to ascertain what the revolutionary junta would advise or, rather, direct. The group of Americans whom I referred to during the first part of my testimony will within the next few weeks furnish to the committee detailed information showing the relations between the American Government and its representatives and the revolutionaries. At this time I will refer to only a few of the more important details.

I had a conversation in 1914 with Luis Cabrera, in which Mr. Cabrera very frankly told me that the menace of the Americans in Mexico must be removed and that the only way to do this was to drive him out of the country and take his property. At a banquet given in Vera Cruz in the latter part of 1915 to Gen. Carranza, which was attended by the consuls of foreign countries, Cabrera dilated on the aims of the revolution and stated that the constitutionalists were going to confiscate American property and take over the American oil wells; and, turning pointedly to Mr. Canada, the American consul, he told him to report this to his President. Cabrera's tone was so offensive that the Cuban consul started to leave the meeting, but was restrained by Mr. Canada, who, being the American consul, had become accustomed to insults from the Carranza authorities.

During the conversation above referred to as having taken place in Washington I told Mr. Cabrera that the American Government would not permit the Carranza government to drive the Americans out of Mexico and confiscate their property, as Mr. Cabrera stated the Mexican Government was going to do, whereupon Mr. Cabrera smiled and told me that he was surprised at the ignorance of the average American on public matters. He explained to me that Mr. Wilson was what he was pleased to term an advanced liberal, a great Democrat, whose concern was for the welfare of the people of the world and was not limited to the narrow bounds of the United States. Mr. Cabrera considered Mr. Wilson to be the same kind of a Democrat as he, Mr. Cabrera, was. He said that Mr. Wilson was opposed to capital in Mexico and everywhere else in the world, no matter to whom the capital belonged, and that in expelling the American from Mexico the constitutionalists would receive the sympathy of the American Government. The Carranza authorities have proceeded confidently on this theory and have never had the least fear of compulsion from the American Government and have regarded all protests from the American Government as being insincere and merely perfunctory.

It would be tedious to refer to the conduct or words of the officials of the American Government to confirm this opinion of the Constitutionalists, and I will merely refer to an incident that occurred in Tampico in 1916. The Mexican employees of the refinery of the Pierce Oil Corporation had engaged in a strike, promoted by the

Carranza authorities, and proceeded to take possession of the refinery. When the American superintendent, Mr. Warren, demanded that the authorities give him possession of his company's property, they paid no attention to him, and when the American Consul made similar demands the authorities did not even reply to his notes. The superintendent of the refinery went to the American consulate, and on finding there the commander of the American gunboats in the harbor, demanded of him that he and the property of his company be given protection, and stated that he was entitled to protection under the rules of international law. The commander in question is a red-blooded American, who undoubtedly did not sympathize with the policy of his Government, but who possessed sufficient discernment to understand this policy perfectly. The naval commander informed Mr. Warren that, of course, he was entitled to protection under the rules of international law, but that he, the Captain, represented a government which had repudiated international law; that the American squadron was there not to enforce international law, but to carry out the policy of the American Government, and that under this policy Americans abroad were not entitled to any protection whatever; and regardless of his own opinions in the matter, he had no discretion, since his responsibility was to his Government, and he must, therefore, decline to give Mr. Warren or his property or any other American protection of any kind.

MR. KEARFUL. From what source do you get the information as to the conversation you have just related?

MR. BUCKLEY. I was standing in the Consulate when it happened, and I heard part of it and the Captain of the gunboat recounted this conversation to me just after it occurred.

(Whereupon at 12:30 o'clock p. m. a recess was taken until 1.30 o'clock p. m.)

AFTER RECESS.

MR. KEARFUL. You have mentioned Mr. John Lind, a personal representative of President Wilson who was sent to Mexico to eliminate President Huerta. In December, 1914, Mr. Lind published a booklet on page 22 of which he refers to the improved prospects of Mexico under Carranza and says: "The indications are promising. The discipline and restraint shown by the victorious Constitutional armies and their chiefs were most creditable and encouraging." When was it that the victorious Constitutional armies under Mr. Carranza entered Mexico City?

MR. BUCKLEY. In August, 1914.

MR. KEARFUL. I was present in Mexico City in August, 1914, and I know you were. Will you give a description of what occurred there upon the entry into Mexico City of the victorious Constitutional armies of Carranza, with special reference to whether they displayed discipline and restraint, and as to whether what they did was creditable and encouraging.

MR. BUCKLEY. The Carranza army, upon its entry into Mexico City, did not show the restraint that Mr. Lind speaks about in the booklet you have just quoted. The armies committed all manner of excesses and the officers distributed among themselves the finest dwellings in Mexico City, where they held orgies for several months and which they eventually looted. They sold furniture to pawn-

shops and libraries to book dealers and wine to the different restaurants in the city. It is notorious that what Mr. Lind states is not true, and his statement is merely the statement of a Carranza propagandist.

Mr. KEARFUL. Who was in command of the advance forces that entered Mexico City at that time?

Mr. BUCKLEY. Gen. Alvaro Obregon.

Mr. KEARFUL. What class of people were his forces composed of?

Mr. BUCKLEY. Almost entirely of Yaqui Indians.

Mr. KEARFUL. Do you remember the house that Obregon himself occupied?

Mr. BUCKLEY. Yes; my recollection is that it was the Braniff home on the Paseo de la Reforma.

Mr. KEARFUL. You have mentioned Joaquin D. Casasus as one of the so-called Cientificos and at one time an ambassador to the United States. Do you remember that his house was occupied by one of the Carrancista generals and subsequently looted?

Mr. BUCKLEY. Yes; it was occupied by Gen. Lucio Blanco. Although my impression is that it was looted by another Constitutionalist officer after Blanco left it.

Mr. KEARFUL. Do you remember the circumstances of a certain American official, a close personal and political friend of Secretary Bryan, who occupied apartments in the Casasus home during the time of its occupancy by Gen. Blanco?

Mr. BUCKLEY. Yes.

Mr. KEARFUL. Do you remember the official position that he held?

Mr. BUCKLEY. Yes; my recollection is that he was collector of customs at Brownsville.

✓ Mr. KEARFUL. Please proceed with your statement.

Mr. BUCKLEY. Notwithstanding the assurances of Mr. Bryan and Mr. Lind that Villa was absolutely loyal to Carranza, the former did what nearly every revolutionary chief in the history of Mexico has done; he revolted against his civilian superior Carranza. Through the intervention of the American Government, which in its dealings with Mexico has persisted in ignoring the lessons of Mexican history, a convention was arranged between the Villa party and the Carranza party at Aguascalientes. Since this city was then in the territory of Villa, he did just what Carranza would have done if it had been in his territory—surrounded the convention hall with troops and compelled the convention to name as President his own appointee Eulalio Gutierrez, whereupon Carranza repudiated the action of the convention. Of course, the convention was opened, as all Mexican conventions are, with great ceremony, and in this particular case a Mexican flag was desecrated by being kissed by each of the delegates as a pledge to abide by the decision of the convention. Later the flag was stolen by one of the delegates.

The entire Republic of Mexico was then given over to a state of anarchy; Mexico City was taken and retaken time and again within a year by Villistas, Zapatistas, and Carrancistas. Homes in Mexico City were looted and occupied by the different generals, the Carrancistas distinguishing themselves in their barbarous conduct; churches were robbed, prominent Mexicans and foreigners were kidnapped, horses belonging to the diplomatic corps were stolen, several diplo-

mats were driven out of the country, and a general reign of terror continued. The American Government was all the time assuring the American people that conditions in Mexico were rapidly approaching one of peace, and was cooperating with the different revolutionary factions in keeping the truth from the American people. There was little train communication, and it took several weeks for a letter to reach the United States. Representatives of 17 nationalities in Mexico City organized a national committee which unofficially took charge of foreigners and their affairs in Mexico City. This committee made desperate efforts to convey the truth of the situation to the American people and to the outside world, but was unable to cope with the opposition of the American Government.

American newspapers will not print a record of what has happened two or three weeks previously, and it was impossible to keep them advised each day of happenings in Mexico. A rigid censorship was imposed in Mexico City, and any newspaper men who were discovered sending out news unfavorable to the faction in charge was immediately 33d; that is, expelled from the country. Americans for a while sent mail through the American diplomatic pouch, but when the American Government discovered that news of conditions in Mexico was being sent to the American people in this way, it forbade the further use of this diplomatic conduct.

The international committee and the American subcommittee wired full reports of conditions to the American Government, and in vain begged this Government to publish their statements and appeals to the American people. The President replied that he must decline to do this for fear that the Carranza authorities might make reprisals on the foreigners sending these reports—rather unusual solicitude for their safety.

Of all the leaders who had charge of Mexico City, Gen. Alvaro Obregon distinguished himself as the worst. It is not out of place to remind the committee that Gen. Obregon is now a candidate for President and is actually posing in the United States as being pro-American. Obregon is regarded as the most bitter anti-American chief in the revolution. During the war, when it seemed that Germany was going to be successful, Obregon wrote a book on his record as a military leader, which was designed to serve as a basis for his appeal for the Presidency, and it was taken from the mails by the American authorities on its way to an American city to be printed. Obregon in this book referred to the disdainful manner in which he had treated Paul Fuller and other representatives of the American Government. He stated that on occasions he refused to meet them, and always told them that Mexico was a free and independent country and would not tolerate any intervention on the part of the American Government; that he approved the attitude of his chief, Carranza, in his endeavors to form a union among Latin-American countries to oppose the designs of the Colossus of the North, etc. When Germany was defeated, Obregon modified his book somewhat and eliminated most of the anti-American passages. Obregon is of the opinion, however, that there is no limit to the gullibility of the American people and expects the support of our Government in his aspiration for the Presidency. He and Pablo Gonzalez, the other prominent candidate for the Presidency, are

endeavoring now to compel foreign firms in Mexico, those which have not yet been run out of the country by themselves and their associates, to contribute the greater part of the funds necessary for their campaign expenses. Of course, when such solicitations are made, funds must be advanced or reprisals will be visited.

✓ Obregon took charge of Mexico City and committed every outrage that his ingenuity could suggest. There were at that time no trains to the north and only at rare intervals a train to Vera Cruz. The plight of 500,000 inhabitants can easily be imagined. Obregon decided to punish Mexico City for reasons that no civilized man could understand. He threw a cordon of troops around the city and would permit the introduction of only a limited amount of food; vegetables he allowed to enter only at certain hours of the day, he cut off train communications with Toluca, and at times with Puebla; his Yaqui Indians killed peaceful citizens in the suburbs of Mexico City, with the same motives that the Germans had in killing innocent people in Belgium—to terrorize the community; the electric lights were turned off after a certain hour each evening, and water was allowed to enter the city only at certain hours during the day; all the controllers were taken off the street cars and shipped to Vera Cruz with the result that the street car system of Mexico City was paralyzed and residents in suburbs had to walk from 3 to 10 miles. These controllers could not be used at Vera Cruz, and the only purpose in taking them was to punish the people of Mexico City.

✓ Obregon had entered Mexico City flying the black flag of anarchy. He made a compact with the I. W. W. whereby the latter were to join in the fight against Villa and be rewarded by owning the Republic. Obregon made speeches and issued proclamations, all of which will be presented later to the committee, calling upon the rabble of Mexico City to loot the city and telling them that if they did he would do nothing to protect property. It was very difficult for him to get the rabble started, so he sent his troops to lead them in looting a prominent church in the very center of the city, the Church of Santa Brigida, and also the adjoining parochial school. After the soldiers had started the looting the rabble went in and took even the tapestry off the walls and also took out the flooring. Some Americans and Mexicans became so indignant at the sight that they seized clubs and dispersed the mob. When Obregon heard of this he dispatched troops to the church, not to punish the mob for looting but to protect it against those who had interfered with the looting. The soldiers pursued the small group of American and Mexicans to the American Club, where the latter barricaded the doors and protected themselves against Obregon's soldiers until the Brazilian Minister could arrive at the club and persuade the soldiers to desist. Obregon then delivered the church and parochial school to the I. W. W. to be used as their headquarters.

✓ In casting about for a means of looting the city Obregon imposed a tax of 20,000,000 pesos on business men, for the purpose, so he humorously alleged, of alleviating the condition of the poor. When Mexican business men tried to question him about the distribution of this money and suggested that the same be made under the supervision of a committee appointed by themselves, he had over 100 of these

men arrested and placed in the penitentiary. When the foreigners, under the leadership of the Americans, refused to pay this tax Obregon compelled them to close their houses of business, which were kept closed for several days, to the great suffering of the Mexican people.

Foreigners subscribed to a fund to be used by themselves in alleviating the condition of the poor, a condition induced by Obregon and his soldiers, and sent agents to Toluca and other places in the neighborhood of Mexico City to purchase large quantities of corn and wheat, which, however, they were not able to bring to Mexico City for the relief of the starving population in which Obregon had taken such an interest, because the revolutionary chiefs demanded the payment of graft before they would permit the use of trains for the transportation of foodstuffs. The international committee wired to Mr. Bryan, asking him to use his influence with his friends, the military chiefs, to permit the passage of foodstuffs, but to no avail.

Mr. KEARFUL. I want to ask you about the international committee. Who composed it?

Mr. BUCKLEY. It was composed of the representatives of 17 nationalities residing in Mexico City, most colonies sending one representative, and several colonies, such as the American, English, French, German, and Spanish, having two representatives on this committee.

Mr. KEARFUL. The representatives being elected by the respective colonies?

Mr. BUCKLEY. Yes.

Mr. KEARFUL. I want to ask you further, were you present, and did you personally observe the occurrences that you have just been describing?

Mr. BUCKLEY. Yes; I was also a member of the international committee, chosen by the American Colony.

Mr. KEARFUL. Please proceed with your statement.

Mr. BUCKLEY. As if Obregon was not satisfied to starve the population of Mexico City, he decided to outrage their religious sentiments, and arrested over 150 priests, marched them through Mexico City, and imprisoned them for a day or two. When the populace started to demonstrate against such outrageous treatment, he had his troops fire into them, killing several people and stopping the public manifestation. Obregon then took these unfortunate priests, put them in box cars and cattle cars and shipped them down to Vera Cruz.

The opinion that the American Government formed of Obregon and Carranza is shown by the note which it had Silliman deliver to Carranza in Vera Cruz at that time and which it transmitted to Obregon through the Brazilian Minister in Mexico City. The note is as follows:

✓ We have been anxious and perplexed over the statements in dispatches from Mexico City regarding the situation there, and have concluded that the best course at present is for you immediately to see Gen. Carranza and present to him a most earnest and emphatic note in the following sense:

✓ The Government of the United States has noted with increasing concern the reports of Gen. Obregon's utterances to the residents of Mexico City. The Government believes they tend to incite the populace to commit outrages in which innocent foreigners within Mexican territory, particularly in the City of

Mexico, may be involved. This Government is particularly impressed with Gen. Obregon's suggestions that he would refuse to protect not only Mexicans but foreigners in case of violence, and that his present manifesto is a forerunner of others more disastrous in effect. In this condition of affairs the Government of the United States is informed that the City of Mexico may soon be evacuated by the Constitutionalist forces, leaving the populace without protection against whatever faction may choose to occupy it, thus shirking the responsibility which may happen as a result of the instigation to lawlessness before and after the evacuation of the city.

✓ The Government of the United States is led to believe that a deplorable situation has been willfully brought about by Constitutionalist leaders and forces upon a populace submissive to their incredible demands, and to punish the city on account of refusal to comply with them. When a factional leader preys upon a starving city to compel obedience to his decrees by inciting outlawry, and at the same time uses means to prevent the city from being supplied with food, a situation is created which it is impossible for the United States to contemplate longer with patience. Conditions have become intolerable and can no longer be endured.

✓ The Government of the United States therefore desires Gen. Obregon and Gen. Carranza to know that it has, after mature consideration, determined that if, as a result of the situation for which they are responsible, Americans will suffer by reason of the conduct of the Constitutionalist forces in the City of Mexico, or because they fail to provide means of protection to life and property, will hold Gen. Obregon and Gen. Carranza personally responsible therefor. Having reached this determination with the greatest consideration, the Government of the United States will take such measures as are expedient to bring to account those who are personally responsible for what may occur.

The reply of Carranza is of academic interest in that it has some typical examples of bombastic misrepresentation and falsehood, in which Carranza has so cynically engaged in his correspondence with the American Government. I will quote only a few excerpts from this reply:

Although the terms in which this note is worded would afford me cause for not answering it, it is my wish, notwithstanding, that my silence be not construed as a justification of the charges contained in the same. I have tried to put aside for the moment references which are made to my personal responsibility and, looking only for the good of my country and for the benefit of the cause which the Mexican people has entrusted to me, I thought it my duty to answer it at once.

Reserving the privilege of answering more fully and in detail through the customary diplomatic channels the note referred to lately, I take this opportunity to state, in an earnest and emphatic way, that Gen. Obregon has never intended to incite the hungry populace of the City of Mexico to commit outrages of any character. He has not prevented in any way the entrance of food supplies in Mexico City, but on the contrary he has facilitated such importation. He has not created willfully the distressing conditions which prevail at present in the City of Mexico, but he has done everything in his power to alleviate them. Such situation is the consequence, painful but unavoidable, of the state of war in which we are and which for the first time has really reached the City of Mexico, but it has been aggravated by the conduct of the merchants, who openly, defiantly, and with concert of action closed their commercial establishments in the moments of greatest public distress as a protest against the humanitarian relief tax that Gen. Obregon imposed.

In the face of the charges expressed by the international committee in their complaint to the State Department, I point you to the fact that Gen. Obregon has been in possession of the City of Mexico since the 26th of January until today, without mobs, assassinations, lootings, or any other of the outrages which are apt to occur and which frequently do in times of war. During all this time large amounts of food supplies have been taken into Mexico City, and large quantities of supplies have been distributed among the distressed people, and, besides, other important measures have been taken looking to further relief, which I will mention in detail at the proper time.

It was only three days ago that the State Department at Washington directed the attention of the American residents in the City of Mexico to your former advice that they should retire from the country until the condition should be

settled. It is my most earnest wish that the other foreign residents will follow a line of conduct similar to the one suggested by you to the American residents, for the adoption of such a course would be the wisest measure that can be taken to avoid the consequences so much feared.

Obregon was in Mexico City in February and a part of March, 1915. The above reply of the Carranza Government to the American Government is dated March 9, 1915. In view of Carranza's assurances contained in the above note to the effect that the people in Mexico City had not suffered from lack of food, and that everything was being done to feed these people, it is interesting to refer to a report made by representatives of the American Red Cross just three months later, on June 7, in which they quote Carranza as stating that—

The latest military successes have palpably made certain the triumph of our cause. *For this reason* I have decided to permit the free exportation of food to the City of Mexico.

The report of the Red Cross representatives in Vera Cruz is as follows:

First Chief Carranza gave out the other day that he would "permit food supplies to go to Mexico City" in view of the "great victories gained recently by the Constitutionalist Army."

This was a virtual confession that the first chief had not been permitting food to reach Mexico City theretofore, but would do so now in a spirit of magnanimity, because some success had come to his armies. The leading editorial in *El Democrata*, a Constitutionalist organ of Vera Cruz, lavishly praised First Chief Carranza for his "great heart" in showing the "magnanimity of a conqueror," and permitting the exportation of food to the starving people of the most important city of Mexico.

The editorial called attention to the alleged fact that the people of the City of Mexico were all enemies of the Constitutionalist cause, because they were happy when Gen. Alvaro Obregon (who did his best to starve them) withdrew with his forces, but said that the noble-hearted first chief, in spite of this enmity to his cause, would let the people have food if anyone cared to send it to them. It must be understood that the Constitutionalist were not bothering themselves to relieve the distress by sending any food to the starving women and children, but that they would no longer put obstacles in the way of anyone else sending it.

First Chief Carranza, the man who declared that he is fighting for the liberty of the people, who is always on the side of the poor and the oppressed, sent his permission to his confidential agent in Washington, apparently to give to the State Department, or to the Red Cross Society. The exact wording of the message from the first chief was as follows:

"The latest military successes have palpably made certain the triumph of our cause. *For this reason* I have decided to permit the free exportation of food to the City of Mexico."

✓ While the Mexican people were starving the Carranza officials were looting the country and exporting hides, corn and beans, as well as furniture and everything else of value. That the American Government was cognizant of this, and of the bad impression that the attitude of the Carranza authorities would produce on the outside world, is shown by the note transmitted by the State Department to Mr. Silliman on June 18, 1915, from which I quote the following:

In your conversation with Gen. Carranza mention that while the *Buford* was unloading 60,000 pounds of corn and beans consigned to the consulate for charitable distribution to relieve famine conditions, and while meat, corn, and other provisions were becoming scarce in Vera Cruz, the Ward Line steamer *Mexico* loaded roughly 100,000 pounds of beans for export to New York. Such events, presumably with the sanction of the Carranza government, have had wide circulation in the United States as well as similar acts by Federal au-



thorities in the north, and are producing an extremely bad impression as to the motives of leaders who allow such practices, when it is well known that the food supply of Mexico is at the famine point, and that the President of the United States has been in the necessity of appealing to the American people for assistance to satisfy the starving in Mexico.

On July 23, 1915, the American Government sent another note to the Carranza government, through Mr. Silliman, in which it is shown that the American Government was fully informed of conditions in Mexico, the note also being important because it admits the responsibility of the United States to the rest of the world for conditions in Mexico. There have been charges that Mr. Bryan, while Secretary of State, made definite assurances to European Governments to the effect that if they would permit the American Government to handle the Mexican situation in its own way this Government would be responsible to the European Governments for all damages their nationals might suffer. It is said that for this reason European Governments have not been so vitally concerned with the Mexican situation, because of their faith in their ability to collect the damages from the American Government. Among other things, this note contains the following statement:

This Government feels that the critical time has come when the choice which is now made by the constitutionalist leaders will practically determine the success or failure of the Government they mean to set up and the reforms that they hope to effect. We venture to say this because of our earnest sympathy with the main purposes of the constitutionalists and our desire to be of permanent service to them in bringing Mexico out of her troubles. We have been forced by circumstances into a position in which we must practically speak for the rest of the world. It is evident that the United States is the only first-class power that can be expected to take the initiative in recognizing the new government. It will in effect act as the representative of the other powers of the world in this matter, and will unquestionably be held responsible by them for the consequences.

Mr. KEARFUL. Will you proceed now to relate the incidents leading up to the recognition of Carranza by this Government as head of the de facto government of Mexico, including the proceedings of what is known as the Pan American Conference?

Mr. BUCKLEY. Conditions in Mexico had become so intolerable that even the American Government had to take official notice of them. The patience of this Government seemed to be exhausted with the continuation of anarchy in Mexico and with the contemptuous treatment it had received from the revolutionary chiefs it had placed in power.

On the 2d day of June, 1915, Mr. Wilson issued his famous appeal, in which he called upon the chiefs of the three factions to adjust their differences, with the threat of supporting those who agreed to compromise, or, possibly, of intervening.

Villa and Zapata immediately agreed to arbitrate their differences, but Carranza defied the American Government, whereupon the American Government recognized Carranza.

When Carranza refused to submit his differences to arbitration and insisted that Mexico was a free and sovereign Republic and that he would not permit foreign dictation, Mr. Wilson pursued his customary policy of appealing directly to Carranza's subordinates and sent messages to all of them. These subordinates referred him back to Carranza.

✓ The American Government was apparently greatly incensed at the action of Carranza, and gave every indication that it had finished with him and would withdraw its support, for it ceased its policy of prohibiting the news with regard to Mexico from reaching the American newspapers, and for a period of several months the American press contained long and authoritative accounts of outrages in Mexico, showing the inability of the Carranza government to establish peace, and the incapacity and corruption of the leaders. This was continued until Carranza was recognized, whereupon the American Government immediately shut down on the truth being given out to the newspapers. An interesting incident in this respect occurred in connection with the Red Cross Society. The Red Cross had solicited funds for use in Mexico, and was distributing food among the starving people, when Carranza decided that his Latin pride would not permit him to allow this to continue—his Latin pride did not seem to interfere with his permitting his officials to loot the Republic. The Red Cross office in Washington had been giving out the reports of conditions in Mexico to the American press, and continued to do so after the recognition of Carranza, notwithstanding the fact that the executive branch of the Government had decided that the truth about conditions should no longer be given to the American people. Mr. Tumulty soon phoned the director of the Red Cross and reprimanded her for this conduct and told her to stop it.

The Pan-American conference is interesting now, principally because it indicates the shifty attitude of the American Government with regard to Mexico and the absence of a policy of any kind.

Preparations were being made for the election, and the Democratic National Committee insisted that something be done about Mexico, that it be not permitted to continue in a state of anarchy until the presidential election of 1916. With the idea of placing the responsibility on Latin-America, the ministers in Washington of Argentine, Brazil, Chile, Bolivia, Uruguay, and Guatemala, were called into this conference.

The American Government then went through the form, at the first meeting of the conference in New York, of giving to the bright Latin Americans the benefit of the American Government's superior knowledge of conditions in Mexico. As I have stated before, the Latin Americans were, of course, entirely conversant with conditions in Mexico, some of whom had lived there, and for the very obvious reasons that have already been explained, did not sympathize with the attitude of the American Government in supporting bandits in Mexico and thus establishing a precedent for later promoting revolutions in their own countries and overthrowing the very governments which they represented. After a hundred years of experience, all of South and Central America is ruled by the class that ruled in Mexico in the time of Diaz—the so-called "Científicos." One can imagine the sympathy that these gentlemen had with the attitude of the American Government in overthrowing in Mexico the very type of government that they represented in South and Central America.

At the time the American Government called the Pan American conference it had the intention of backing Francisco Villa, and shaped its plans accordingly. With the idea of giving to the Latin

American diplomats the benefit of the superior knowledge of the American Government of conditions in Mexico, it decided to send to the first session of the Pan American Conference one of the many personal representatives of the President. The last personal representative of the President to visit Mexico was Duval West, of San Antonio, Tex., who had only recently returned from Mexico, and who had traveled all over the country and had met all the revolutionary leaders, and it was but logical that the American Government should have given to their Latin American associates the benefit of their latest advices and have sent Mr. West to report to those gentlemen. There was, however, a great obstacle to having Mr. West do this, because this gentleman had returned and told the truth about conditions in Mexico and reported that all the factions were composed of bandits. The American Government, therefore, instead of sending West to the conference, selected Mr. Paul Fuller, of New York, who had been to Mexico a year before as a special representative and who had come back, as was usual with most personal representatives, a confirmed adherent of one of the factions—in this case the Villa faction.

Mr. Fuller appeared before this conference and astounded the Latin Americans by explaining to them that Villa was a splendid leader with high ideals; he told them that Villa had a well-disciplined army of thousands of men, although everyone of the Latin-American delegates knew that Villa had been driven to the very frontier of the United States and had taken refuge in Juarez. Mr. Fuller proved that Villa was a leader of high ideals by producing the Villa revolutionary program, which he himself had translated. There could, of course, be no more conclusive proof than this!

The Pan American conference was then adjourned for a few days for the ostensible purpose of enabling the Latin Americans to fully digest Mr. Fuller's report; as a matter of fact, the conference was adjourned for the purpose of giving the American Government time to complete arrangements to back Villa. Villa had just a few days before, not fully realizing apparently that the American Government was contemplating recognizing him, gathered together the merchants in Chihuahua and robbed them. Gen. Scott, Chief of Staff of the American Army, was rushed to El Paso for a conference with Villa. I do not know what happened at the conference, although we have Villa's version for a part of it, but the fact remains that immediately after the conference Villa rushed back to Chihuahua, returned the loot to the merchants and, to show his indignation, had several of his followers executed, presumably for having robbed the merchants under his orders. This produced a fine impression upon the uninitiated.

The Latin-American delegates to the Pan American conference were, of course, not among the uninitiated. All these shrewd gentlemen knew just exactly what the American Government was doing and followed all of its steps and the steps of its devious confidential agents with great interest.

In this connection it is interesting to note that for reasons that it is difficult to understand the American Government had always been extremely fond of Villa, and he was decidedly their pet. Gen.

Scott found great pleasure in having his picture taken with Villa; he seemed to be flattered by the association. When the committee of Tampico oil men conferred with the President shortly after the taking of Vera Cruz, the President was gracious enough to tell them something about conditions in Mexico and assured them that "Villa is the safest man in Mexico to tie to."

During the progress of the Niagara conference, Mr. Bryan asked me, upon my suggesting that Villa would undoubtedly revolt against Carranza, where I had received my information, to which I replied that I had received it from a perusal of Mexican history, which shows no instance of a Mexican chief winning a revolution and handing the fruits over to a civilian. Mr. Bryan smiled with the assurance of a man who possesses inside information and told me that he knew that Villa was loyal to Carranza because Villa himself had assured him of the fact. This, of course, was final. Mr. Bryan also stated that Villa was an idealist and that reports to the contrary were all manufactured by the Cientificos and Wall Street. He said that, of course, Villa had committed some outrages, but those had occurred early in his career; that the American Government, realizing his possibilities, had sent Gen. Scott to confer with him, who advised him that under the rules of civilized warfare it was not considered proper to kill prisoners, and when he showed Villa a book containing the rules of warfare Villa evinced such an interest in this discovery that he asked Scott for the book. Villa did not know before, apparently, that it was wrong to commit murder; since that moment he had become a changed man. A few years later the American Government apparently discovered that Villa had reverted to his original occupation of being a bandit.

An attorney from Washington appeared in New York a few days after the first session of the Pan American conference and asked for a meeting with two Mexican gentlemen who had been driven out of Mexico and who belonged to that class which the American Government insisted had been exploiting the Mexican people for years. The attorney in question represented himself to be on a mission from Mr. Lansing. The Mexicans wished to satisfy themselves that this was the case and asked me to investigate the matter, as I was in New York at the time. I telephoned a man in Washington and asked him to call on an official of the State Department and ascertain whether the gentleman in question was really representing Mr. Lansing, to which he replied that he was. The conference then took place and this representative proposed to the so-called Cientificos that they combine with Villa and receive the backing of the American Government, which they indignantly refused to do on the ground that they would not associate with bandits.

A few days later Mr. McCombs, chairman of the Democratic National Committee, called on the same two gentlemen and suggested the possibility of their party receiving the backing of the American Government in view of the fact that Carranza refused to participate in the conference and that Villa and Zapata were too weak to justify the backing of the American Government. Mr. McCombs stated that he would have to return to Washington for a consultation with regard to details, and a few days later he and another member of the Democratic National Committee, whose name I do not care to

mention, and Senator J. Hamilton Lewis, returned to New York to confer with the two Mexican leaders. They stated that they were authorized by the President of the United States to conclude a deal. The Mexicans at this conference suggested that this was a very grave matter and since they did not have a perfect command of English and had little experience in dealing with Americans, and that I represent them in the negotiations. Whereupon the three Americans named one of their own number as their representative.

Mr. KEARFUL. Do you desire the committee to understand that the three men who appeared in New York assumed to represent the President of the United States in these negotiations?

Mr. BUCKLEY. Yes. I do not know whether they really represented the President, but I do know that they stated that they represented the President. On carrying on negotiations for a day or two the representative and I failed to reach a definite agreement.

The Latin-American diplomats, for reasons that I have already mentioned, were almost without exception opposed to the recognition of Carranza. After finding that it would be impossible to make a satisfactory arrangement with other factions, the American Government decided to recognize Carranza and called the final meeting of the conference.

When the Latin-American representatives went to the final meeting they went there knowing that they would be called upon to recognize Carranza and also went there with the feeling which had been derived from reports that had been very assiduously circulated, that if they did not recognize Carranza the alternative would be armed intervention by the United States. While the Latin Americans did not want Carranza, they, of course, did not want armed intervention, especially armed intervention coming as a result of a Latin American Conference. When the representatives of the American Government proposed the recognition of Carranza they reluctantly consented.

The Latin-American representatives in this case showed the weakness that men of their race usually show in a crisis. There is every reason to believe that the American Government did not intend to intervene at that time. As a matter of fact, by agreeing to the recognition of Carranza the Latin-American delegates agreed to a policy that led inevitably to intervention; they agreed, against their own judgment, to recognize as President of Mexico a man who was doomed to failure, and the result of the failure promised to be armed intervention. Whatever the Mexican people may hold against the American Government as being responsible for their plight and their suffering—and there is no doubt that the American Government is largely responsible—the Latin-American countries represented in this conference shared the responsibility, and history will convict them of failing at a critical stage in the development of Latin-American relations in courage to take the resolution prompted by their best judgment. If the Latin-American representatives had declined to recognize Carranza, the American Government would not have dared to do so, especially after having convoked the Latin-American conference.

True to the policy of the American Government with regard to Mexico, inspired dispatches from Washington appeared in the press

the next morning to the effect that Latin America had achieved a great diplomatic triumph and had forced the United States to recognize Carranza. This false report was, of course, given out for the purpose of laying a predicate for placing the responsibility on Latin America in the event that Carranza should fail.

Mr. KEARFUL. I think the next epoch in the progress of events is that which culminated in what is known as the conference of the American-Mexican commission, and leading up to that the committee would like to have you touch upon the incidents of the Columbus raid, the Pershing expedition, and the proceedings and result of the conference of the American-Mexican commission.

Mr. BUCKLEY. I do not recall the details of the Columbus raid, except that it was a raid by Villa troops on an American town, in which several Americans lost their lives. I do know the version of Villa's followers as to the cause of this raid, which might be interesting to the committee.

Those followers have always claimed that when Gen. Scott, the friend of Villa, met him the last time at El Paso he solemnly promised, in his capacity as representative of the American Government, that this Government would never recognize Carranza. Villa reported this to his agency in New York at the time of the Pan-American conference. His followers claim that Villa raided Columbus in revenge for this alleged deception by the American Government.

I do not recall the details of the Pershing expedition, except that it accomplished nothing. In order to consider the differences that existed between the two Governments and to determine the bases on which the expedition would be withdrawn, the American-Mexican Commission met, composed of Luis Cabrera and Alberto Pani, representing Mexico, Mr. Franklin K. Lane, Mr. John Mott, and Judge George Gray, of Delaware, representing the United States.

The net result of this conference was that, after negotiating for weeks, an agreement was entered into which was summarily set aside by Carranza. The conference is remembered by Americans in Mexico because of the impression given out that Mr. Lane and his associates from that time on would handle the Mexican situation; that the President had turned it entirely over to them. I know that Mr. Lane at least took this view very seriously. After the conference had broken up Mr. Lane issued a strong statement to the press, in which he showed plainly that he considered that the final decision in Mexican matters had been turned over to himself and his associates. Mr. Lane plainly stated that the Pershing expedition would not be withdrawn until Carranza came to his terms; that the American people were a pacific people, but, thank God, were not pacifists. A few days after this brave declaration of American policy was issued by Mr. Franklin K. Lane, Mr. Wilson, summarily and apparently without even consulting Mr. Lane, withdrew the troops from Mexico.

This conflict, like all other conflicts between the American Government and Carranza, resulted in a victory for the latter.

Mr. KEARFUL. You have several times referred to a large number of personal representatives of President Wilson who at various times operated in Mexico. Are you prepared to make a statement in

general respecting those representatives and also with respect to the several representatives in particular?

Mr. BUCKLEY. Yes. Having discarded the methods usually employed in international matters, the President sent a swarm of personal representatives into Mexico, and the State Department, imitating this policy, also sent a number of special representatives. At times several representatives would be dealing with the same faction, all claiming to represent the real views of the State Department. Often the representatives of Carranza would also be selected to represent the American Government in its dealings with Carranza.

Representatives were sent to each faction—the Villa faction, the Zapata faction, and the Carranza faction—and they became itinerant diplomats, traveling through the country with the chiefs of the various factions. These gentlemen, almost without exception, became ardent admirers and advocates of the cause of the particular faction to which they were accredited, and instead of representing the American Government and people they represented the factions in question to the American Government. Their one concern was for the advancement of the particular group in question, and they seemed never to be concerned with the prestige of the American people and the welfare of Americans in Mexico. They never hesitated to advise Americans who appealed to them for help that under the new order of things they were not entitled to any help, that they had no business in Mexico, had been ordered to leave repeatedly, and that their presence in Mexico merely served to hinder the Mexican revolutionaries in carrying out their program for the betterment of the Mexican people and the establishment of a democratic government.

The majority of these gentlemen became the paid representatives of different factions on their return to the United States, and detailed evidence will be presented to the committee of the financial connections of a number of them with the different factions, if desired. The majority of these special representatives seem to have had strong business inclinations.

The most distinguished of these representatives undoubtedly was Mr. John Lind, who has already been referred to as having been selected because of his ignorance of Mexican affairs. Mr. Lind still gives evidence of being as ignorant of Mexican affairs as he was on the day of his appointment. During the Niagara conference I had a talk with Mr. Lind and found that this gentleman divided Mexico into two classes, the Mexican from the north and the Mexican from the south; just where the dividing fell he did not specify. The Mexican from the north, he said, had been influenced by American ideas and ideals, had become democratic in his instincts and aspirations, was courageous, honest and trustworthy, and American; the Mexican from the south, on the contrary, was still affected by what Mr. Lind was pleased to term European traditions; he was backward, revengeful, monarchical in his tastes, and was altogether bad. This revolution, so Mr. Lind stated, was really a civil war between the north and the south, in which we, the American people, must see to it that the north won out.

Mr. Lind was obsessed with three ideas: A most sensitive regard for his own dignity as representative of the President of the United States; the theory just stated that people from the northern part of

Mexico were superior to those from the southern part; and an intense hatred of the Catholic Church. His hatred for Huerta became a personal feeling; it was impossible for him to mention Huerta's name without indulging in profanity. Huerta had outwitted and humiliated him, and Lind could not forget it. He had gone to Mexico on a most ridiculous mission, a demand for the abdication of the President of a supposedly sovereign Republic, a mission which no man with any experience in world affairs would ever have undertaken, and had consequently become the laughingstock of both Mexicans and Americans. Lind seemed to blame Huerta for this situation, instead of blaming himself or his chief. I stated before that in his humiliation he was quite willing that the Army and Navy of the United States be used to avenge him. He has been opposed to armed intervention ever since, when it has been suggested that the Army and the Navy of the United States be used to protect American citizens in Mexico.

Mr. Lind is typical of that provincial American, who, in need of civilization himself, wants to civilize the rest of the world. He believed in forcing American ideas on Mexicans whether they wanted them or not and for some reason, incomprehensible to the American in Mexico, selected Carranza as his instrument.

In private conversation Mr. Lind attributed all the ills of Mexico to the influence of the Catholic Church, and argued that this institution in Mexico must be destroyed. In a conversation with Mr. O'Shaughnessy, on a remark of the latter that he had just received a report to the effect that several Catholic priests had been killed, Mr. Lind stated that this was good news, that the more Catholic priests they killed in Mexico the better it would suit him, and the more pleased the President would be. In Washington, in a conversation that took place during the Pan-American conference, when it was reported that the United States would not recognize Carranza. Mr. Lind exclaimed to the chairman of the International committee of Mexico City, "My God, poor Mexico will fall back into the clutches of the Catholic Church!"

Mr. Lind has been an active propagandist for the Carrancistas since his return from Mexico. I will be glad to give the committee further details if it desires.

The Rev. John R. Silliman, after years of faithful effort in Mexico, became a missionary and dairyman in Saltillo. He had sold milk to Carranza, the governor of the State, and the relation of dairyman and governor persisted throughout the time that Silliman represented the President before Carranza. Just what qualified Mr. Silliman to represent the President in Mexico has been a mystery to Americans who knew Silliman.

He was always a pathetic figure. His very walk was apologetic. While engaged in social intercourse he seemed to fear that Carranza would appear on the scene and rebuke him. When Americans appealed to him for protection and redress he would explain to them that while he sympathized with them he could not mention such matters to Carranza because Carranza would send an adverse report to the President about him and he might lose his job.

Even Mr. David Lawrence, another personal representative of the President, who has since been a very active propagandist for the Carrancistas, was shocked at Silliman's ineptitude. In a report



to the State Department, sent in 1915 from Vera Cruz, Mr. Lawrence stated that:

The situation here with respect to representation of the United States Government is indescribably aggravating. Our influence is virtually zero. We do not even get our protests or messages before Carranza. Silliman privately told me the situation seemed hopeless. \* \* \* Carranza told me in conversation that Canada was an enemy of his cause, sending bad reports to the Department of State, and that Silliman was all right. Investigation among authoritative and well-informed persons shows Canada has told the truth. Carranza has not granted audience to Silliman in nearly three weeks. Yesterday when Silliman had appointment with Carranza, latter instead went parading with his troops, leaving word that foreign secretary was authorized to take up anything Silliman had. Foreign secretary [Aguilar] is inexperienced boy. Even your most urgent representations are handled in this indirect and fruitless way.

Carranza has taken advantage of his old friendship with Silliman to turn him down repeatedly, and Silliman is not the forceful kind of personality who would insist on an audience in the name of his Government. \* \* \* Silliman has worked faithfully and loyally, but tells me privately he is discouraged and believes our recent strong notes and Latin-American appeals have caused strained relations. \* \* \* He told me the point had been reached where threats of force and strong notes only aggravate Carranza, and that he is not afraid of us, because he is confident we do not dare to intervene. In this connection I offer the following plan for your consideration. First, that new representative be sent here, fully conversant with Government point of view, so that Carranza will understand that this representative is fully supported by the Government at every stage. \* \* \* Irrespective of what our future policy is to be, the situation here would seem to demand that some one be selected who will talk earnestly, forcefully, and insistently to Carranza, and who will not hesitate to inform Carranza whenever occasion arises that his refusal to receive the representative of the United States bearing urgent communications would be considered indication of a desire not to remain on friendly terms with the United States. Canada has gotten results by this method and is respected by Carranza, but is not persona grata now.

Incidentally, you will note in the above telegram, especially where Mr. Lawrence states that Mr. Canada had reported the truth about Carranza to the State Department, that Mr. Lawrence's impression of Carranza was not so very favorable. A few days later, following a banquet to Carranza that he attended, this gentleman had a change of heart, which change has persisted to the present day.

Silliman became so subservient to Carranza that he referred to the Carranza cause as "our cause" and to the Carrancistas as "we."

A ludicrous situation was brought about in a conversation that Silliman had with Mr. Cornelio Gertz, the German consul in Vera Cruz, which was covered in a dispatch to the New York Herald in the fall of 1915, which is in part as follows:

According to passengers arriving here [Galveston], all Vera Cruz is grinning over the story of a recent interview between Mr. Gertz, the German consul, and John R. Silliman, representative of the American State Department near First Chief Carranza. The story was told by Mr. Gertz himself as a good joke on Mr. Silliman, but there are a good many Americans in Vera Cruz who see more cause for sadness than laughter in Mr. Silliman's alleged partiality to the pronoun "we" under such conditions.

The story, as told by Mr. Gertz, is that he called upon Mr. Silliman the other day and asked whether there was any news and whether there was any change in the situation.

"Oh, things are looking very much brighter," said Mr. Silliman; "conditions are improving rapidly. We have taken Leon, we have defeated Villa, and we will soon occupy the City of Mexico."

Mr. Gertz bounced out of his chair, stared hard at Mr. Silliman in utter amazement, and exclaimed explosively:

"Why, Mr. Silliman, why didn't you tell me that before? I had no idea of such things happening. You should have told me about it so that I could send it to my Government."

Mr. Gertz, of course, thought that in using the pronoun "we" Mr. Silliman was referring to the Americans, instead of which he was referring to the Carrancistas.

The Rev. William Bayard Hale and the Rev. Henry Allen Tupper, two more special representatives of the President, may be referred to briefly. Later, if the committee desires, further information will be furnished. It appears that when the former returned to the States Germany outbid Carranza in securing his services; and, so far as the latter is concerned, it has already been proved in the testimony of Mr. Doheny that he received a check for over \$4,000 from the Carranza authorities. We shall present some interesting evidence at a future time, but it will suffice now to say that the Rev. Henry Allen Tupper offered to mention a prominent Mexican favorably in a magazine article for a consideration of \$1,000 when exchange was 5 to 1. Dr. Tupper developed great business capacity while in Mexico.

Mr. Paul Fuller was an ardent Villista after his return to the United States.

Mr. Carothers, an American of little prominence in Mexico, was appointed by the President as personal representative to Villa, and has since then been an ardent Villista.

Mr. H. L. Hall was another discredited American living in Mexico and was appointed a special representative to Zapata. He is now and has been for several years a Zapatista propagandist.

Mr. Duval West, of San Antonio, Tex., came back and reported the truth about conditions in Mexico and his services were soon dispensed with by the American Government.

The policy of using the paid representatives of the Carranza revolutionary junta to represent the American Government also aroused the indignation of Americans in Mexico. Unscrupulous Americans who were betraying the interests of their own people for money were being daily consulted and employed by the American Government.

Judge Charles A. Douglas, the representative in Washington of the Carranza Government, told me some time ago that during his stay in Vera Cruz during the time that Carranza had his revolutionary Government there Silliman always showed him Mr. Bryan's notes before taking them to Carranza; that on one occasion he actually saved the United States from a foreign war; that Mr. Bryan had sent a note to Silliman for delivery to Carranza which, because of Mr. Bryan's ignorance of Mexican sensibilities, would have immediately provoked war and that when Mr. Silliman, in the regular course of his duties apparently, showed this note to Douglas the latter told him immediately not to present it until after he, Douglas, had consulted with Bryan. Judge Douglas stated that after he had explained matters to Mr. Bryan the latter instructed Silliman not to present the note and that later Mr. Bryan personally thanked him for his thoughtful interposition. Mr. Bryan's great confidence in Judge Douglas is exemplified in an official letter of introduction which he gave Judge Douglas to the American consul at Vera Cruz. Mr. William A. Canada, on February 16, 1916, a photograph of which letter I am leaving with the committee, and a copy of which is as follows:

MY DEAR MR. CANADA: This will introduce to you Judge Charles A. Douglass, of this city, the local attorney for the Carranza representative in this city. He is visiting Gen. Carranza and I am glad to make you acquainted with him. If, while he is there, we have any matters to take up with Gen. Carranza he will be willing, as he is anxious, to assist in smoothing out difficulties. I commend him to your confidence and courtesy.

After the Brazilian minister, who had been placed in charge of American affairs on the departure of Mr. O'Shaughnessy, was practically expelled from Mexico by the Carrancistas, the lives of the Americans in Mexico—two or three thousand—and the billion dollars of American property, were left in charge of first one clerk and then another for a period of over a year, at the most crucial time in the relations of the two Governments and when American lives and property were most in need of protection. These clerks were young men, all from 22 to 30 years of age, who were not trained diplomats, had no experience in diplomatic affairs and had not the slightest conception of the meaning of international law. These inexperienced clerks were called upon to measure their wits with brilliant radicals like Luis Cabrera. It is no wonder that the Mexican revolutionaries put through their scheme for the confiscation of American property and the elimination of American citizens from Mexico, when during the course of the constitutional convention lasting for several months, in which these anti-American provisions were being discussed, the interests of the United States were so represented. The American Ambassador, Mr. Fletcher, was held in Washington for over a year at this critical period, and was finally hurried to Mexico with a protest against the passage of the constitution, with the result that the convention hurried up its final vote on the instrument and adopted it within a few days after Mr. Fletcher's arrival.

Mr. KEARFUL. You have heretofore made a statement with reference to Carranza's revolutionary program. What have you to say with reference to the fulfillment of that program?

Mr. BUCKLEY. Everybody knows, of course, that the Carranza Government is a military depotism. It would be a waste of your time to submit the proofs of this. I will merely refer to a few incidents.

In the first place, in the proclamation issued by Carranza ordering elections for Congress and President in 1916, he excluded from the right to vote all citizens who were not revolutionaries.

Section 4 of article 8 of the call provided that those could vote "who were citizens or residents of the respective State at the time of the uprising of Huerta against Madero, provided that they later demonstrated, with positive acts, their adhesion to the constitutional cause"—that is, by taking up arms.

State elections have been a farce, and invariably Carranza has placed in power his own choice for governor.

In the State of Tamaulipas Gen. Luis Caballero was overwhelmingly elected over Gen. Lopez de Lara, the choice of Carranza, whereupon Carranza declared the elections void with the result that Caballero rebelled and was driven out of the State and Carranza appointed a military governor.

- In Tabasco the elections were held four or five months ago, the opposing candidates being Gen. Green and Gen. Luis F. Domingues.

Green is said to have had the support of the former governor, Gen. Carlos A. Vidal. Assassinations, riots, and political persecutions resulted from the election. The State had, and probably has now, two governors and two legislatures. Gen. Bertani, chief of the Federal forces of the State, was compelled to disarm troops thought to favor one or the other of the contending parties.

In San Luis Potosi elections for governor were held on July 6 of this year. The opposing parties were Rafael Nieto, former subsecretary of the treasury under Carranza, and Ingeniero Severino Martinez. The campaign was bitter and full of clashes between the partisans. Gen. Juan Barragan, chief of staff of Carranza and acting governor of the State, supported Martinez. Wholesale frauds at the polls were charged by both sides. Federal troops are alleged to have taken charge of the polls in some parts of the State. Nieto declared that his life was in danger and went from place to place accompanied by an armed escort. The Martinez legislature declared Martinez to be elected governor, and the Nieto legislature declared Nieto to be elected governor. For a time there were two legislatures, but the Nieto legislature was arrested and that gave Martinez a clear field. Nieto, however, still claims to be governor.

In Nuevo Leon State elections were held last June. Juan Manuel Garcia, a progressive civilian, was elected. He received many times the number of votes of his nearest opponent. The candidates opposing Garcia were Gen. Mariano Gonzalez, Gen. José Santos, and Gen. Pablo A. de la Garza. Gen. Barragan, the same chief of staff of the President, proceeded to Monterrey with troops and had Gen. Santos declared elected.

In Nayarit in the early summer the State legislature, with the assistance of the military commander of the State, ousted the governor. The Federal Senate, in a resolution passed October 23, 1919, attempted to reinstate the governor, José S. Godívez. Now the State legislature declares that it does not intend to recognize this decision of the Senate.

In many cases opponents have been executed after the writ of amparo, a measure corresponding to our writ of habeas corpus, had been ignored by the military authorities. It will be recalled that I stated that it was reported that during the administration of Madero, Carranza had appealed to a member of Madero's cabinet, Alberto Garcia Granados, to join him in a revolution, which the latter declined to do. As soon as the Carranza forces reached Mexico City troops were rushed out to search and loot Granados's home. Garcia Granados was a high-class Liberal, who had opposed Diaz for many years and who had been repeatedly imprisoned by the latter but who was never involved in any revolts. Granados was tried by a court-martial, which absolved him; nevertheless the military commander of Mexico City, Gen. Pablo Gonzalez, arbitrarily set aside the verdict of the court-martial and Garcia Granados was executed at once.

In April of this year Gen. Francisco de P. Alvarez was captured by the Carrancistas, tried for treason and condemned to death by the military judge. Alvarez asked for amparo, and the federal judge at Vera Cruz ordered the provisional suspension of execution pending investigation and definite decision by the judge. This would have been sufficient to stay execution under Mexican law, but Al-

varez's attorney appealed also to the supreme court at Mexico City, which repeated the orders given by the local judge and communicated the same directly to the council of war, to the local judge, and also to the President of the Republic. Notwithstanding this, Gen. Alvarez was executed. Shortly after an election of supreme court judges was held and the justices, Victoriano Piemental, Manuel Cruz, Santiago Martinez, Agapito Colunga, and Agustin del Valle, who, in the Alvarez case and in many other cases had assumed an independent position, were not reelected. The new court obeys implicitly the orders of Gen. Carranza.

During the first part of October of this year the police found a store of arms and ammunition in Tacuba, a suburb of Mexico City, with the result that an ex-federal general, Leopoldo Diaz Cevallos, was arrested and delivered to Gen. Pablo Gonzalez and taken to a small town near Cuautla in the State of Morelos, where he was executed one night without trial. Within the last few days the judge at Tacuba has decided that Gen. Diaz Cevallos and other supposed accomplices were innocent.

According to "La Prensa," of Antonio, Tex., the federal judge at Juarez decided to suspend the execution of Gen. Angeles. As a matter of Mexican law a federal judge has no discretion in such matters and must always grant a temporary stay of execution when applied for pending examination of the evidence.

The same paper states that the supreme court in Mexico City also ordered suspension of the execution which, however, was delayed and did not reach the military court until after the execution. Fourteen hours intervened between the decision of the court and the execution of Gen. Angeles, more than sufficient time for a telegram to have reached Chihuahua.

In the address that Carranza's minister of justice, Rogue Estrada, made to the judges of the supreme court of the federal district of Mexico on October 5, 1915, he advised them to carry out the revolutionary program and discard all law. Among other things, he said:

The revolution, become government, places in your hands its greatest aspiration, justice, and this justice, such as it undoubtedly should become in these times, is disowning the decisions and annulling the judicial acts of Huerta and the convention. You will say to me the articles are to be found in a concentrated form in a book called the law, but I say to you that we are repudiating everything done up to this time, wherefore there are neither laws nor decrees that dispose that which shall be done.

It is necessary to be filled with a spirit entirely revolutionary in order that the administration of justice may respond to the aspiration of the revolution become government.

I hope from the magistrates composing the Supreme Court of Justice that with good judgment and strict justice they will know how to give their decisions, interpreting clearly the ideals and plans of the revolution become government.

**MR. KEARFUL.** What in your opinion has been the effect of our Mexican policy on the people of South and Central America?

**MR. BUCKLEY.** The attitude of Latin America toward our Mexican policy has been referred to in the discussion of the Niagara and Pan American conferences. As stated before in this connection, the American Government has disregarded the history of the last 100 years, which shows that up to the present time Latin-American countries

may only be ruled successfully by their educated classes, and that the mass of the people are not yet prepared to exercise the attributes of democracy. The American Government has insisted on upsetting the natural status in Mexico, and by so doing, with the implication of similar conduct in other Latin American countries, has alarmed those governments. The following are some of the effects of our Mexican policy in Latin American countries:

First. It constitutes evidence of our intention, so they think, of a reversal of our duties and obligations under international law and indicates our intention of interfering in the local affairs of those countries.

Second. The substitution of Pan Americanism for the Monroe doctrine. It has heretofore been the practice of the American Government to make its decisions alone and unaided with regard to its relations with Latin American countries. Everybody understands, except possibly the Hon. John Barrett, the loquacious director of the Pan-American Union, that there is a community of interest in Latin America opposed to the United States, and that no Latin American diplomat could be relied upon to be impartial in differences arising between the United States and Mexico.

This new departure in policy was forecast in the action of the American Government in entrusting American affairs in Mexico to the Brazilian minister after Mr. O'Shaughnessy was given his passports by the Huerta Government. Although Mr. O'Shaughnessy had left American affairs in charge of the British minister, because of a certain recognized community of interest and ideals between the Americans and the British, the American Government directed that the Brazilian minister take charge of American affairs, thinking, no doubt, that this was an admirable diplomatic stroke. While the Brazilian minister was most solicitous in his regard for the rights of Americans, and all Americans in Mexico remember him with gratitude, nevertheless it was impossible for him to deal with Americans without developing friction, for the very simple reason that there is a fundamental difference in character between the Latin American and the American that can never be reconciled—a difference in their ideas of government which should be recognized and reckoned with in any intelligent policy.

The impression has been produced among the Latin Americans that Latin America, and not the United States, will in the future regulate affairs on this continent. The conduct of our Government has been construed by these countries as a renunciation of the Monroe doctrine, and a substitution therefor of the Pan-American doctrine in which the Latins will have 20 or 30 votes to 1 of the United States. It has heretofore been maintained that the Monroe doctrine is a doctrine enunciated by the United States for the protection of the United States, to be enforced by the United States. There is evidence, however, that things have changed. In the President's address to Mexican editors delivered at the White House on June 7, 1918, he made some important statements with regard to our traditional policy which have been taken very seriously by Mexico and to which great importance has been attached by Mexicans and other Latin-Americans. While it is true that the statement in the beginning of the address that "My own policy, and the

policy of my administration toward Mexico was at every point based upon this principle—that the internal settlement of the affairs of Mexico was none of our business; that we had no right to interfere with or to dictate to Mexico in any particular with regard to her own affairs,” is so cynical in its utter disregard of the facts as to cast discredit on what is said in the rest of the address, nevertheless this address is taken seriously by those who desire to profit by it.

After stating that “Some of us, if I may say so privately, look back with regret upon some of the more ancient relations that we have had with Mexico long before our generation; and America, if I may so express it, would now feel ashamed to take advantage of a neighbor,” the President goes on to say:

Some time ago, as you probably all know, I proposed a sort of Pan American agreement. I had perceived that one of the difficulties of our relationship with Latin America was this. The famous Monroe doctrine was adopted without your consent, without the consent of any of the Central or South American States. If I may express it in terms that we so often use in this country, we said, “We are going to be your big brother, whether you want us to be or not.” We did not ask whether it was agreeable to you that we should be your big brother. We said we were going to be. Now, that was all very well so far as protecting you from aggression from the other side of the water was concerned, but there was nothing in it that protected you from aggression from us, and I have repentedly seen the uneasy feeling on the part of representatives of the States of Central and South America that our self-appointed protection might be for our own benefit and for our own interest and not for the interest of our neighbors. So, said I, “Very well, let us make an arrangement by which we will give bond. Let us have a common guaranty, that all of us will sign, of political independence and territorial integrity. Let us agree that if any one of us, the United States included, violates the political independence or the territorial integrity of any of the others, all the others will jump on her.” I pointed out to some of the gentlemen who were less inclined to enter into this arrangement than others that that was in effect giving bond on the part of the United States that we would enter into an arrangement by which you would be protected from us.

That Carranza was quick to perceive the point is evident by what he stated in his message to the Mexican Congress on September 1, of this year:

As the question of the acceptance of the Monroe doctrine was taken up at the Paris peace conference, the Government of Mexico found it advisable publicly to declare and officially to inform friendly Governments that Mexico had not and would not recognize that doctrine, because, without the consent of all the peoples of America, it established a criterion and a situation about which they have not been consulted; and therefore that doctrine attacks the sovereignty and independence of Mexico and would establish an enforced tutelage over all the nations of America.

It will be noted that in referring to the “consent of all the peoples of America,” Carranza uses almost identically the same language as President Wilson.

Third. The encouragement of legislation in Latin America against American investments and the adoption of the so-called “Carranza doctrine.” This doctrine, which maintains that a foreigner may not invoke the diplomatic intervention of his own Government, forms the basis of the Carranza foreign policy, and was the basis of his treatment of the foreigner both in executive decrees while he was still a revolutionary chief and in the constitution itself. In the latter instrument it is provided that, before a foreigner may acquire real estate, oil, or mineral rights, he shall specifically renounce the right to appeal to his own Government, and that a mere exercise of this

right shall result in the forfeiture of his property to the Mexican Government.

The message to the Mexican Congress just quoted also stated that :

This Government, for its part, has not made nor will it make any effort to enter this international society (league of nations) because it is not based, either in its organization or its functioning, upon the complete equality of all nations and all races, the Mexican Government having proclaimed as a prime principle of its international policy that all nations of the globe should have equal rights and obligations, as well as that no individual within the State may invoke privileged position or protection because of his status as a foreigner or for any other reason.

In other words, the Carranza doctrine maintains that Mexico, or any other Latin American country, may confiscate the property of an American without his right to appeal to his Government; that is, may confiscate with impunity. The very enunciation of such a doctrine is inspired by the intention to confiscate.

Carranza has been very active in his efforts to form a Latin-American union opposed to the United States, and has advocated the same in public addresses and through his diplomatic representatives and many special enissaries in South and Central America. To further his purpose Carranza has gone to the extent of giving aid to the revolutions in Honduras and Guatemala—at a time when his own Government was not fully established—with the object of overthrowing the Governments of these countries, which he regarded as being friendly to the United States, and, consequently, as constituting an obstacle to the carrying out of his policy. He went so far as to equip a military expedition in Mexico and dispatch it to Guatemala for the overthrow of that Government.

His Government has sent broadcast throughout Latin-American countries that portion of the constitution imposing restrictions on foreigners and copies of his proposed laws for carrying into effect the confiscation of American oil properties. The result has been that several Latin-American countries, notably Colombia, have followed Carranza's advice and example, in view of the impunity with which his program has been carried out, and have adopted similar legislation against Americans.

Fourth. Probably the most lasting effect of our relations with Mexico and Latin America is the creation of distrust of the honesty of our Government. The splendid insight into our Mexican policy afforded to Latin Americans in the Niagara and the Pan-American conferences, where the American Government violated its pledged word, deceived its own people, and tried to deceive the Latin-American diplomats, would hardly have a very beneficial effect on our Latin-American relations.

A Latin American publicist has agreed to appear before the committee and give an authoritative statement regarding the attitude of Latin Americans toward the Mexican policy of the American Government.

Mr. KEARFUL. What have you found to be the effect of our Mexican policy on Carranza himself?

Mr. BUCKLEY. Carranza and his followers distrust and hate the American Government and the American people.

The intervention of the American Government in the internal affairs of Mexico started with the dispatch of Lind to Mexico, in



August, 1913, and has continued to the present time. The American Government has insisted that that unfortunate country be ruled by bandits; it placed the bandits in power by destroying Huerta, and it has maintained them in power ever since. To do this, it has been compelled to tolerate the expulsion of the educated classes from Mexico; the practical starvation of the Mexican people for the last seven years; an attack on religion; the confiscation of foreign property, and the murder of hundreds of foreigners, mostly Americans. To hide the results of its policy from the American people, it has not scrupled to use all the powers of a strong government.

Our Mexican policy is disapproved of by the educated classes in Mexico; the common people hate and distrust the United States as a tyrant that has forced the Carrancistas on them; Americans and all other foreigners in Mexico have always opposed this policy; Latin American countries oppose it, and there is nothing to indicate that it is approved by any European government. One would think, then, that surely the Carrancistas must be our friends; as a matter of fact, they are the most bitter enemies of the American Government and people.

It would be without purpose to examine the President's addresses and papers, where he has insisted at one time that the American Government was intervening, and at other times, notably, in the Indianapolis speech, when conditions in Mexico were very bad, that the Government was not intervening.

In the interview published in the *Saturday Evening Post* on May 23, 1914, the President said:

The settlement of the agrarian question by constitutional means—such as that followed in New Zealand, for example—will be insisted on.

The question arises in one's mind, By what authority can the President insist on the solution of this question? The President goes on to say:

Every phase of the Mexican situation is based on the condition that those in de-facto control of the Government must be relieved of that control before Mexico can realize her manifest destiny.

Later the President states:

Then came the incident at Tampico. Rear Admiral Mayo, resenting the insult to the flag, issued his demand for an apology, and the President and his Cabinet stepped in behind the admiral.

Really it was the psychological moment, if that phrase is not too trite to be used. There was no great disaster like the sinking of the *Maine*, and there was an adequate reason for our action in this culminating insult to a series of insults to our country and our flag.

The psychological moment—that is, the excuse, to intervene!

In a communication to Mr. O'Shaughnessy sent by Mr. Bryan on the 13th of November, 1913, after the Lind mission had failed, and when the American Government had ceased quarreling with Huerta, Mr. Bryan instructed Mr. O'Shaughnessy to communicate "the following to Gen. Huerta immediately, as the conditions on which negotiations will be resumed: First, the explicit agreement of Gen. Huerta: (1) That the Congress called for to-morrow shall not assemble; and (2) that Gen. Huerta will absolutely eliminate himself from the situation immediately upon the constitution of an ad interim government acceptable to the United States." What is this if not intervention?

In a report submitted by Mr. O'Shaughnessy to the Department of State in February, 1914, Mr. O'Shaughnessy states that, in a conversation that he had just had with Huerta, the latter—

did not criticize the rebels of the north, but said they would never, in the event of their triumph, be able to establish a government in Mexico, and that one of their first acts, if they ever did triumph, would be to turn upon the United States, whom they are now praising.

This was indeed prophetic.

Evidence of the feeling of the Mexican people as to the responsibility of the United States is contained in a dispatch dated Mexico City, June 30, 1915, by the Brazilian minister, at a time when the Zapatistas were in control of Mexico City and this city was being attacked by the Carrancistas. Referring to conditions, the Brazilian minister said:

The prospects for foreigners and noncombatants are therefore dreadful: to begin with, there is no more corn and great scarcity of all other staple articles in town, which has already caused great suffering among all classes and popular disturbances even against this legation, as it was falsely reported that we had plenty of food in deposit. The movement was readily suppressed by the authorities, but I am sorry to be obliged to say that the general animosity against the United States Government is growing very much because everybody blames the United States for the present state of things: first, for having apparently satisfied themselves so far as they are concerned, with a purely negative answer from Carranza, when two of the other factions were disposed to enter into negotiations; and secondly, for not having impressed upon him the absolute necessity of arranging for an armistice in the course of which the United States should have used its good offices for the conclusion of peaceful settlement. This being the case, and following the insistent advice of several friends, American and Mexican, including that of high officers of the commission, and also on account of anonymous letters containing tremendous threats, was obliged to increase our American guard to 8 men; I will increase to 12, as before, if necessary.

To be just, I desire to emphasize the good will of the authorities [Zapatistas] to prevent any disagreeable incidents, but do not know how far they will be able to afford the necessary protection, as I am informed that if the Carrancistas should gain ground toward the occupation of the city, the legations and foreigners, especially Americans, will run great risk from the outrages of the mob and soldiery who, perhaps, will not be controlled during the disorder that will precede the evacuation, as, I repeat, the bad feeling goes to the absurd point of believing that the Carrancistas come this time under the auspices of the United States. I beg pardon if in my desire to be loyal and give you the exact and truthful account of the situation and of the general feeling here, I have shown the unhappy faculty of being too frank and disagreeable.

Carranza began early in his insults to the United States. Shortly after his revolution started, when he had but a small amount of territory at his command, and very precarious hold on power, he refused to discuss matters with the President's personal representative, the Rev. William Bayard Hale, on the ground that Hale must present credentials from the American Government, which he hoped would constitute recognition. After he had been driven out of Mexico City the first time and had taken refuge in the lighthouse in Vera Cruz, in reply to a warning from Secretary Bryan that in the fighting at Naco, Sonora, in which American citizens in Arizona were being killed, the American Government might find it necessary to use force, adding "that the employment of force would not be an aggression, but a defense; that the invasion of the territory of Mexico would not be intended to be an interference with its sovereignty nor

an intervention with your strife," Carranza had the effrontery to state:

I hasten to call the attention of the Department of State to the fact that any use whatever of force which the Government of the United States might attempt to make on Mexican territory, although with the object of protecting the lives of Americans, would have to be considered by this Government as an act of hostility and as an attack against the sovereignty of Mexico, independently of the pacific or well-disposed intentions that might cover the employment of force. \* \* \*

I should like to find words sufficiently courteous and friendly and at the same time sufficiently expressive to state to you that the Department of State does not appreciate to the fullest extent the seriousness which the use of force on Mexican territory by Americans would entail, and hence I appeal to the good friendship of the American people toward the Mexican people, earnestly insisting that the Department of State strive that under no circumstances should acts of force be employed against us.

In other words, if the American Government were to protect its own citizens in its own country from death by Carranza bandits he, Carranza, might find himself in the painful necessity of actually making war on this country.

The vacillating policy of the American Government is well exemplified by its policy in placing embargoes on arms and ammunition and then removing them, to the exasperation even of the Carranza Government.

The following data is based on a speech made in the House of Representatives by Congressman Rogers on July 29, 1916:

In the President's address to Congress held August 27, 1913, he says, "For the rest, I deem it my duty to exercise the authority conferred upon me by the law of March 14, 1912, to see to it that neither side to the struggle now going on in Mexico receives any assistance from this side of the border. I shall follow the best practice of nations in the matter of neutrality by forbidding the exportation of arms or munitions of war of any kind from the United States to any part of the Republic of Mexico, a policy suggested by several interesting precedents, and certainly dictated by manifest considerations of practical expediency. We can not in the circumstances be the partisans of either party to the contest that now distracts Mexico, or constitute ourselves the virtual umpire between them."

On February 3, 1914, President Wilson revoked the Taft proclamation of March 14, 1912, in order to enable the rebels to receive munitions of war, and "thereby constituted himself a virtual umpire between the factions."

On April 24, 1914, the President again placed an embargo on the shipment of arms and ammunition to Mexico.

On May 16, 1914, the embargo was raised in so far as to permit shipments by sea. This was for the purpose of shipping arms and ammunition to the rebels, who by that time had possession of the port of Tampico.

On June 4, 1914, Mr. Bryan stated to the newspapers that the mediators had an understanding with the United States that, pending their efforts at Niagara Falls, the United States would permit no arms to be shipped into Mexico either across the border or by water from American ports. We have seen in connection with the Niagara conference how ill the American Government fulfilled this understanding.

On June 2 the steamship *Antilla* left New York for Tampico containing some 3,000,000 cartridges.

On June 6 another million cartridges were shipped on the steamship *Sunshine* from Galveston to Tampico.

On June 10 the United States again imposed an absolute embargo by sea and land.

Thereafter, however, the schooners *Sunshine*, *Grampus*, and *Susan* made six trips from Galveston to Tampico, each time carrying heavy shipments of war materials. All were consigned to Habana, but "by stress of weather they were blown into Tampico."

On September 10, 1914, the embargo was lifted.

On October 20, 1915, the embargo was again declared, which, however, was not made applicable to Carranza, who was recognized on October 19.

On March 12, 1916, all permits held along the border for exporting explosive into Mexico were canceled.

Since this time permits for the exportation of arms and ammunition have been given and declined so many times that it makes one dizzy even to go into the matter.

The effect of the policy of the American Government on the revolutionists in Mexico is illustrated in a speech made by Soto y Gama, the intellectual head of the Zapatista movement, at a secret session of the convention held in Mexico City on June 5, 1915, during which one of Mr. Wilson's many ultimatums was discussed. Soto y Gama stated:

We should not get scared at this ridiculous and childish note, which, like all that Wilson does, is nothing but words, words, words. I do not pretend to be a fortune teller or prophet in international politics, but at this time, when the whole world is shaking, in which the perfidy of the English in its ambition to dominate the seas are uniting as many as possible to obtain their ambition, in the most formidable war that human eyes have witnessed, the United States must be on guard, because sooner or later they will be dragged into war with Japan.

For this reason, Wilson, even should he so desire, will never intervene in Mexico \* \* \*

I do hope the Yanquis will intervene in Mexico. It would spell their ruin; it would be the undoing of the conglomeration of adventures called the United States. They would lose the Philippines, the Panama Canal, Hawaiian Islands, Puerto Rico, and possibly San Francisco, Los Angeles, and Florida. \* \* \*

On studying the matter carefully we will see that the United States can not come to Mexico, as before their disorganized troops had landed in Orizaba, San Francisco, Calif., the defenses of the Panama Canal, and their shining Babylon which they called New York would be swept by the deadly fire of the Japanese, English, and French navies.

Let us teach Wilson a lesson by not paying any attention to the matter for the time being. We are tired of humbly obeying the instructions of the White House. Let us not imitate Diaz, Mariscal, Madero, Calero, and Lascruain. We should allow several days to pass before answering the American note. Then Mr. Wilson will see how much attention we pay to his rash notes.

However, it is not necessary to present collateral evidence to substantiate the opinion which the Carrancistas held and hold of the American Government and the American President, for we have their opinion in their own words in the interview published by Gregory Mason in the *Outlook* in 1916.

In answer to the question, "Do you approve of President Wilson's policy in Mexico, and, if not, what do you consider have been its principal mistakes?" Gen. Pablo Gonzales replied: "I do not approve Wilson's policy in general for a reason which is fundamental with me as I believe it is with every honest man, namely, Wilson's policy is not clear; it is not frank; it is not clean. I can not reconcile the Pershing expedition with the bombastic and oft-repeated declarations of President Wilson of his respect and sympathy for Mexico. I wish that President Wilson would be our friend and give proof of his friendship with deeds, or that he would be our enemy and declare open war on us. But he ought not to exasperate us with his policy of double-dealing, overwhelming us on the one hand with honeyed words and protestations of sympathy, and on the other hand protecting our enemies and obstructing the consolidation of our Government. What I have just said points out the greatest error in Mr. Wilson's policy, and, I will repeat, indicates his lack of clearness and frankness."

In answer to the correspondent's question as to what could be expected from the election of Hughes, Gen. Gonzales stated: "I can say that in case the Imperialistic reputation of the Republican Party should be confirmed I should prefer frank aggression from Mr. Hughes to the doubtful friendship of Mr. Wilson."

Gen. Alvaro Obregon stated that: "The greatest failing of President Wilson is that his acts so seldom coincide with his words. Wilson makes too many declarations which have no facts behind them; you need not examine his Mexican policy for a substantiation of this; just look at the record of his dealings with Germany."

✓ Gen. Candido Aguilar, minister of foreign relations, stated: "The Mexican people are grateful to President Wilson for understanding as President Taft did not, that the revolution in Mexico is a genuine social movement. They are grateful to Wilson for his intelligence and his courage in refusing to recognize Huerta. But they feel that Wilson's policy has at times been marked by vacillation and double dealing, or at least, that his words and his deeds have not always been reconcilable with each other. What Mexico wants from the American President, whatever his name may be, is a policy that is firm, frank, consistent, and constructive. Mexico would even prefer open and honest hostility to false friendship."

✓ "Wilson's policy has made Mexico feel like a man at whom is pointed a loaded and cocked pistol and who is kept in this uncomfortable and uncertain position for a long and nerve-racking period. If the trigger is to be pulled the man would prefer to have it done at once, so that the worst would be over quickly. But naturally, he would prefer to have his enemy put away the gun and become an honest friend."

✓ President Venustiano Carranza, after praising President Wilson for not recognizing Huerta, went on to say:

✓ "But lately, we have had to complain of very serious interference in our affairs by your Government. We consider the invasion of our country by the forces of Gen. Pershing very wrong and very unfair. We would not have complained much if the American Army had made a quick dash across the border and then withdrawn. But maintaining the expedition in Mexico, like a thorn in our side, is very unjust and has hurt our Government."

✓ "We can not make such acts of your President accord with his words of sympathy for us. It is this inconsistent policy from your Government which is responsible for the disfavor in which Americans find themselves held in Mexico to-day. It seems to us that your President has not kept faith with Mexico."

✓ "Can the remarks of Gen. Gonzales in criticism of President Wilson be considered as official?" the First Chief was asked.

✓ "No," was the reply, "Gen. Gonzales's remarks were very interesting, but he spoke only for himself. Nevertheless we would prefer a firm, frank, consistent policy from the United States to such a policy as Wilson's. But, as I have said before, we are grateful to Wilson for understanding that this is a social revolution, and for the sympathy which he expressed in his stand against Huerta. And we believe that your republican Presidents are sometimes inclined to be too overbearing toward weaker nations. On the other hand, their foreign policies usually have the virtue of consistency. What we would like from the next American President, whatever his name may be, is a Mexican policy which will combine sympathy with firmness and consistency."

Mr. KEARFUL. Are you prepared to make a statement with reference to the Carranza constitution of 1917? If so, proceed.

Mr. BUCKLEY. Yes, sir. The vital elements in the constitution are its effect on real property and its effect on foreigners.

Property in Mexico had the security that it enjoyed in the United States, France, and England; it enjoyed this security in Mexico in practice until 1910 and in theory until 1917.

Since the constitution of 1857 provided for its amendment by an affirmative vote of two-thirds of Congress and a majority of the State legislatures, which could not have been effected without the consent of the people, and since the revolutionary leaders did not have the sympathy of the Mexican people, they decided to write a new constitution without reference to the constitution of 1857.

The constitution of 1857 referred briefly to property in Article 27, as follows:

Private property shall not be taken without the consent of the owner, except for reasons of public utility, indemnification having been previously made; the

law shall determine the authority to make the expropriation and the conditions under which it shall be carried out \* \* \*.

It was necessary that the revolutionary leaders write a constitution which would not only provide for the confiscation of property, but would provide for it in such a way as to make their intention plain, and render the process brief and effective. This was admirably accomplished.

Article 27 of the new constitution of 1917 is a treatise which entirely changed the basis of property in Mexico. It provides at the beginning:

The property of land and waters comprised within the limits of the national territory corresponds originally to the nation, which has had and now has the right to transmit the same to individuals, thus constituting private property. \* \* \* The nation shall have the right at all times to impose on private property the modifications (modalidades) dictated by public interest, as also to regulate the use of the natural elements susceptible of appropriation in order to make an equitable division of the public resources and provide for their conservation.

The constitution then proceeds to establish three bases on which private property might be destroyed by the executive and legislative authorities:

1. "To this end"—to impose modifications on private property, dictated by public interest—

the necessary measures shall be enacted (1) for the subdivision of large landed properties; (2) for the development of small properties; (3) for the creation of new centers of agricultural population \* \* \*; (4) for the encouragement of agriculture; (5) for preventing the destruction of natural resources; and (6) to prevent damage to property to the prejudice of society.

2. Although the above provision would be sufficient to destroy the security of private property, another is incorporated which is even more effective, if possible. Article 27 further provides that private property "may not be expropriated except for reasons of public utility and by payment of its price," and then renders ineffective the guaranties implied in the two component elements of this clause—public utility and indemnification. The subsequent provisions with regard to public utility are that "the legislatures of the Federation and of the States, in their respective jurisdictions, shall determine the cases in which the occupation of private property is a public utility, and in accordance with said laws the administrative authorities shall make a corresponding declaration," and that the indemnification shall consist of the value at which the property is rendered for purposes of taxation, plus 10 per cent. The latter is usually between 5 and 15 per cent of the real value of the property. In other words, the State legislature may enact a law providing for expropriation under any pretext or for any reason that it sees fit, and this is final; there can be no possible appeal.

3. As if the two provisions above mentioned were not sufficient, it is further stipulated that the congress of the union and the legislatures of the States are empowered to enact laws for the division of large properties, in which shall be fixed the maximum amount of land that one person or corporation may own and the manner of the expropriation and sale of all land in excess of this area.

Provision is then made authorizing the executive and legislative authorities to carry into effect the above clauses, depriving victims of the protection of the Federal courts under the writ of amparo,

and providing for payment of property in 20 annual installments without security other than worthless state bonds.

After providing the reasons that would justify confiscation the constitution then proceeds to declare void and voidable certain classes of existing titles:

1. Towns, settlements and communities may be given adjoining land, and confiscation made by military authorities for this purpose under the revolutionary decree of January 6, 1915, are approved.

2. It declares null and void all "acts, dispositions, resolutions, and operations connected with the subdivision of land and which may have deprived ranches, towns, congregations, tribes, and other corporations still existing of land since the law of June 25, 1856." This provision of the Constitution affects the title of millions of acres of land, and it will be noticed that all such titles are declared null whether acquired in good or bad faith or with or without consideration.

3. The Executive is then empowered to declare void all contracts and concessions since 1876, having for their object the alienation of real property, including oil and mineral rights, by the Federal Government. No trial is provided for; there can be no appeal; the decision of the Executive is final. In other words, property rights are destroyed in Mexico.

On April 30, 1918, the British Government protested to the Mexican Government against the confiscation of the oil properties of British subjects provided for in the Constitution; and in its reply of August 12 of the same year the Government stated the new theory of property in Mexico in the following words:

If the provisions of the decree are openly made against the laws and in violation of contracts previously made, according to the concept of his British Majesty, such could not rationally constitute an obstacle to the free development of Mexican property; and this development can demand, as has happened, certain changes of legislation beneficial to the country. This is evident when it is considered that the modern concept of property is that it is a social function bound closely to the prosperity of the State.

This "modern concept of property" as "a social function" has found expression in Carranza's Mexico and Trotsky's Russia.

The confiscation of oil properties is also provided for in the constitution of 1917.

The other interesting effect of the new constitution relates to foreigners. The expulsion of the Americans in Mexico has always been known to the initiated as one of the prime objects of the revolution; we say Americans, although the constitution provides the same treatment for all foreigners, because the framers of the constitution really had the American in mind. Carranza has never deviated from his program in this respect in the slightest degree, and he regards himself as a patriotic Mexican who is stemming the tide of American influence in Mexico which he is convinced will eventually absorb his country.

At the beginning of the revolution foreigners in Mexico enjoyed all of the rights that Mexicans do. Article 33 of the constitution of 1857 stipulated that "foreigners have the right to the guaranties provided in section 1, title 1, of the present constitution" [the right to life and liberty], and article 30 of the "ley de extranjeria" [law regarding foreigners], which was issued

under authority of this article and as supplemental thereto, provides that "foreigners enjoy in this Republic civil rights that Mexicans possess."

In consequence, since 1857 the foreigner has enjoyed all the rights in Mexico of a Mexican citizen, with the exception of the right of participating in the political activities of the country, and has been subject to the same obligations as the Mexican, with the exception of those duties derived from political rights, such as military service.

Article 27 of the new constitution provides that the right to acquire the property of the lands and waters of the nation shall be regulated by the following prescriptions:

Only Mexicans by birth or naturalization and Mexican corporations have the right to acquire the property of lands and waters and their accessions, or to obtain concessions for the exploitation of mines, waters, or combustible minerals in the Republic of Mexico. The State may concede the same right to foreigners *provided they agree before the Department of Foreign Affairs to be regarded as Mexicans with respect to said property and not to invoke, in consequence, the protection of their Government with regard to the same, under the penalty in the event that they should not comply with such undertaking, of forfeiture to the nation of the property which they may have acquired by virtue thereof.*

The waiver referred to, which is based on the Carranza doctrine, is as follows:

The purchaser shall always be regarded as a Mexican; he shall always subject himself to the laws of Mexico and he shall not enjoy other rights or other privileges than those corresponding to Mexicans. He may not, in consequence, ask or solicit diplomatic intervention in the interpretation of this contract nor the intervention of foreign diplomatic agents in matters relating to the same, the Mexican tribunals being the only ones having jurisdiction to resolve the differences that may arise in this respect.

In order that Americans might not evade this provision and acquire real estate by organizing corporations, the same article, under another section, provides that "Commercial stock companies may not acquire, possess, or administer rural properties." In addition, foreigners are absolutely prohibited from acquiring real estate within 62 miles of the border or within 31 miles of the coast.

In addition, article 33 of the new constitution confers on the President of Mexico the "exclusive right to compel any foreigner whose presence he may deem undesirable to abandon national territory immediately, and without the necessity of previous trial." This provision of the constitution adopted by the Government recognized by the United States has enabled Carranza to expel from Mexico not only Americans whose property it was desired to confiscate but Americans who reported the truth about conditions in Mexico to the press, or even in confidential communications to their own Government.

In addition to confiscating the church property not already in the hands of the Government, the constitution provides in article 130 that "In order to exercise in Mexico the ministry of any denomination, it is necessary to be a Mexican by birth." In other words, no foreign priest or missionary may legally remain in that country.

This article further provides that "Ministers may not in public reunions or private gatherings \* \* \* make criticism of the fundamental laws of the country, of the authorities, or of the Govern-



ment in general." The purpose of this article is obvious, and this, with the articles previously quoted forbidding ministers of foreign birth to exercise their office in Mexico, has had a very salutary effect, from Carranza's standpoint, of converting into missionaries for the Carranza government many foreign ministers in that country and of incorporating those ministers in the Carranza propaganda service in return for Carranza's permission to violate the laws of the land by remaining in Mexico. The result has been that a swarm of preachers have been overrunning the United States perjuring their souls by indulging in Carranza propaganda. It never occurred to any of them to admit to the American public that they were not only violating the laws of the benighted Government they defended by being in Mexico at all but that they would have further violated its fundamental law if they had told the truth about that Government.

The Carranza leaders took every precaution in order that there might be no obstacle to putting through the program outlined in the constitution. Although the constitution provided for the lifetime tenure of the judges of the supreme court, it was stipulated that this provision should not go into effect until after 1923, and by this means Carranza has been enabled to count on a subservient supreme court.

Thus has Carranza accomplished three of the great bolshevist objects of the revolution—the abolition of private property, the crippling of the church, and the expulsion of the foreigner. In connection with the charge of the existence of bolshevism in Mexico it is interesting to learn the opinion of Luis Cabrera, minister of finance and the intellectual head and director of the Carranza government. The *Dictamen*, of Vera Cruz, quotes Cabrera in its issue of the 3d of last August, in answer to a question as to whether there was danger that the bolshevist doctrines might spread into Mexico. The article published is as follows:

Cabrera said that it is not possible for these doctrines to find in Mexico ample field for their development or that they should constitute here the same danger as in Europe and other countries, because conditions here are very different.

He added that he could state that the good part of bolshevism was incorporated in the constitution of 1917, in some of the articles that were given birth by the revolutionary movement \* \* \* ; consequently, concluded Mr. Cabrera, bolshevism is not a novelty in Mexico nor is there fear, nor is there any reason for fearing, its acceptance here.

There could be no higher authority in this matter than Mr. Cabrera, and no one who knows Mexico is inclined to disagree with him.

Mr. KEARFUL. Are you familiar with the vicissitudes of the oil companies in their dealings with the Carranza authorities under the confiscatory clauses of the constitution and confiscatory decrees issued by Carranza?

Mr. BUCKLEY. Yes.

Mr. KEARFUL. Will you please proceed to state it in detail?

Mr. BUCKLEY. Oil property in Mexico has, of course, been confiscated; this is a fact concerning which there can be no argument. The steps that led to confiscation and the attitude of the oil companies are very interesting, because they afford a splendid insight into methods used by the Carranza authorities and the attitude that should be assumed by the Government toward the business interests in Mexico. The question is also extremely interesting, because of the recent publicity given to the oil interests and the attack on them by the Car-

ranza government and its propagandists in the United States, notably L. J. de Bekker, Samuel Guy Inman, Arthur Thomson, and Robert H. Murray, provokers of intervention.

I practiced law in Tampico from 1911 to 1913 and represented nearly every American company in the field at that time as well as several European companies, and because of this connection and subsequent interest in oil leases there I have kept closely in touch with the situation.

There is no question that the oil companies are right in their contention—there is no question that their properties were legitimately acquired, that they have been confiscated, and that they are entitled to the protection of the American Government. On the other hand, there is no question that these companies, through a weak and vacillating policy very similar to that followed by the American Government in handling the general Mexican situation, have in a large measure brought on the present condition. I am of the opinion that they are as responsible for this particular situation as is the American Government; the oil companies are entitled to protection in their just rights, but like all other citizens they should stand on their rights and render more easy the efforts of their Government to protect them. If the heads of the oil companies in the United States had had a better understanding of the Mexican situation, and if those companies had been represented in Tampico by competent managers, indeed, if there had been one man of real ability among such managers, the oil properties would never have been confiscated.

✓ I would like to say in this connection that the Mexican situation has been made too much of an oil question and has been confused too much with oil. Oil companies have suffered and are entitled to relief, but their suffering has been nothing as compared to that of the American of small means. The latter American has seldom been mentioned in connection with the Mexican situation. Thousands of good Americans went to Mexico on their own initiative, invested all their savings, and were then robbed and driven out of the country. These men have not been heard from; they have not the means to come to Washington or to reach the ear of the American people. They find themselves broken, back in a country in which they have lost their connections, without sufficient funds to enable them to finance propaganda, and what is worse, not even able to count on the sympathy of their own Government which abandoned them and betrayed them in Mexico and has lost no opportunity to malign them to the American people. These are the men who need sympathy and help. We shall present to the committee, if the committee desires, over 100 such men who are now living in different parts of the United States and also witnesses to the killing of 15 Americans, 12 of whom were killed by Carranza soldiers.

✓ In this connection it should be noted that whereas 80 or 90 per cent of the Americans living in Mexico have been driven out of that country, the oil companies and other corporations that were there 10 years ago are still there and doing business; they have suffered, of course, but they have managed to stay on. When an American in Mexico is attacked by the authorities, in the absence of the protection to which he is entitled from his own Government, if he is

to stay there he must fight or bribe. The American with \$5,000 of property all in Mexico, and no resources in the United States—and this type of American constituted 80 per cent of those in Mexico—could not bribe and it has been hard for him to fight alone; some have fought and are still there. The great majority have lost their small property and were left no course but to abandon the country.

The oil company, able to fight, has not had the courage to do so, and has fallen back on the one alternative—bribery. There is not one of the foreign oil companies doing business in Mexico which has not from one to one hundred Carrancistas on its pay roll. In adopting this contemptible policy, the oil companies have not only contributed to their present plight, but they have failed to seize that leadership in the fight for American rights in Mexico to which they were urged by circumstances, and in so failing they have done incalculable harm to the American of small means and to the American people and American prestige.

✓ For the purpose of inducing foreign capital to develop oil possibilities in Mexico and to spend large sums of money in finding and developing this hidden wealth, a law was passed by the Federal Congress on June 6, 1887, which provided that petroleum mining in all its ramifications, the hydrocarbon products derived therefrom, the capital invested, and the profits, the same as metal mining claims and coal mines, would be exempted from all Federal taxation except the stamp tax, also from State or municipal taxation of any kind whatsoever.

✓ Nothing could be more plain in its meaning and intention than this law. The faith of the Mexican Government was pledged to exempt from taxation the foreign capital that was induced to engage in the hazardous business of developing the oil resources of Mexico, which Mexican capital, because of its timidity, would not develop.

The first encroachment on the rights of the oil companies came in a decree of the State government of Vera Cruz in 1912, during the presidency of Madero, which constituted a half-hearted attempt to begin the imposition of a tax on oil. This decree levied a license tax on companies producing oil, which at the time were limited to the Mexican Petroleum Co. and the Compania Mexicana de Petroleo, "El Aguila"—the Cowdray Co. Although this tax was a license tax, it was termed a "stamp tax" merely for the purpose of evading the law of 1887. The tax was levied on the companies producing oil. At that time the majority of the companies, including the Texas Co., the Gulf Refining Co., the Penn-Mex Fuel Co., the Royal Dutch Co., and many others, while already in the field, had not procured oil, and the Mexican authorities consequently thought that these companies would not join in opposing the decree.

At that time I represented most of the above nonproducing companies. These companies through my intervention agreed to join the Aguila and the Mexican Petroleum Co. in their fight, inasmuch as they regarded their interests as being identical, and I went to Jalapa, the capital of the State of Vera Cruz, as their representative in company with the representatives of the Aguila and Mexican Petroleum, to confer with the governor of the State. Before leaving Tampico I secured an agreement from the representatives of the two producing companies in question to the effect that we would stand on the principle that oil was exempt from taxation and would

not compromise the matter on any other basis, for the reason that to compromise would constitute a waiver of the provisions of the law of 1887 and imply a recognition on our part of the right of the Mexican Government to tax oil. The members of the supreme court attended the session and gave as their opinion that the State of Vera Cruz had the right to levy this tax, first, because it was an independent State under the constitution and could not be bound by Federal legislation; and, second, that even if it were so bound the tax was a stamp tax which, under the provisions of the law, could be levied on oil companies. Both of these grounds were untenable because, first, regardless of the form of government, States in Mexico are not now and never have been independent, and besides, mining legislation and oil legislation are within the jurisdiction of the Federal Government; and second, because only the Federal Government levies stamp taxes, and because the law of 1887 in referring to a stamp tax referred merely to the well-known stamp tax existing at that time on bills of lading, receipts, checks, and other commercial instruments.

Notwithstanding the fallacy involved in the defense of this law, and notwithstanding the grave results that would follow the recognition of the right of the Government to tax the oil industry, the representatives of the Aguila and Mexican Petroleum Co., men of small vision who were intent on achieving a temporary victory and receiving the unmerited applause of their principals, compromised with the State authorities and agreed to pay a tax amounting to one-third or one-quarter of the amount specified in the decree; and thus the troubles of the oil companies began.

It is needless to say that a month or so later, without reference to the agreement made by the State with these companies, and in view of the recognition by the companies of the right of the State to tax oil, oil taxes were raised, new taxes were imposed, and taxes have been going up ever since. At the present time taxes on oil imposed by the Mexican Government are confiscatory and amount to from 30 to 45 per cent of the value of the oil at the well.

The oil companies long ago accepted the theory of the American Government to the effect that American property in Mexico is not entitled to protection; their whole attitude has been one of apology. Apparently they have been of the opinion that they did not have the sympathy of the American people, and they have been loath to stand on their rights.

In 1914, during the Niagara conference, I proposed to the companies that they immediately approach the representatives of the Carranza revolution and endeavor to secure an agreement protecting their rights; that if they failed to secure this agreement they approach the American Government openly and try to prevent this Government from recognizing the so-called Carranza Government; and that if they failed in this they measure their forces with those of the Carranza Government, and their own Government, if necessary, and endeavor openly to induce the American bankers not to finance the new Government; that in their first conference with the Carranza authorities they frankly advise these authorities just what their program would be in the event they did not obtain relief. The Carranza revolutionary junta would have understood such reasoning

and would have acceded to their request. This program, however, was far too direct and too fundamentally sound to appeal to the oil companies and they turned it down.

Hardly had the Carranza revolutionaries taken Tampico when they began to issue all manner of military decrees taxing and vexing oil companies. The Federal authorities, the State authorities, and the municipal authorities all imposed taxes of all kinds. A company was not permitted to drill until after it had secured a permit and paid the necessary graft; an American could not take a lease or transfer it without securing a permit from the governor and paying the necessary graft.

The local commander at Tampico, an ignorant peon by the name of Emiliano Nafarrate, had the nerve to announce that he would issue a decree providing, first, that employers should pay their employees, regardless of the contracts that existed between them, in accordance with a scale of wages fixed by this commander, and that Carranza paper money, worth at that time about 2 or 3 cents on the peso, should circulate at an arbitrary value of 10 cents American money on the peso. In preparation for the promulgation of this decree, Nafarrate summoned the managers of the oil companies to meet a committee of laborers at his office. The American consul, Mr. Claude T. Dawson, an intelligent and patriotic American, implored the managers to ignore the summons of Nafarrate and not to recognize his outrageous claim to the right to arbitrarily regulate wages and other contractual relations. In spite of the appeal of the representative of their own Government, the weak managers submissively appeared at the meeting and accepted the wage scale that Nafarrate handed them.

When Nafarrate, after securing the submission of all of the oil companies representing assets of hundreds of millions of dollars, tried to impose this tax on the independent Americans in Tampico whose property did not exceed in value a few hundred thousand dollars, men who had gone to Mexico on their own initiative and for whom no corporation in the United States had purchased a round-trip ticket, these men stood on their rights and defied the military authority, held a meeting, and then formulated a petition to the President of the United States, which they sent by messenger to Laredo with instructions to wire it to the President and to the news bureaus; they also sent a copy of this petition through the American consul to Gen. Nafarrate. Nothing indicates more clearly than this petition just what the situation was at that time, and if you will permit, I will read it in full:

TAMPICO, TAMAULIPAS, May 22, 1916.

Hon. WOODROW WILSON,

*President of the United States of America.*

*Washington, D. C.:*

The undersigned American citizens, residing in Tampico, in mass meeting assembled respectfully submit the following to your consideration:

That it has become practically impossible for an American to do business of any nature in this section of the country because of restrictions placed by authorities that we believe to be directed primarily against American citizens.

For a year a series of decrees have made their appearance which have been progressive in that they are consistently becoming more anti-American. We believe that the authorities had not the remotest idea when they first began to issue such decrees that they would be able to enforce them, but that when nothing was done by our Government to secure their repeal these edicts have been

made more stringent each day, until now our property is threatened with confiscation, and in some cases has been actually confiscated, and our own personal liberty is menaced.

A military decree was issued some months ago providing that lands might not be leased in the State of Vera Cruz for oil purposes without the consent of the State government, and this decree has been changed until now no foreigner is permitted to acquire leases, real estate, or assignment of leases from a native.

In this State an American may not acquire real estate nor may he lease land from a Mexican, nor will he even be permitted to lease a house or apartment for over one year without a special permit.

The military government of this State has instructed the stamp office not to issue certificates of transfer where one American sells to another, and the governor refuses to certify to the signature of the notary in any contract or other instrument in which an American appears. The effect of this procedure is to prevent Americans from transferring their property to other foreigners.

A decree was issued a few days ago by the local military authorities providing that labor should be paid and merchandise should be sold on a basis of Mexican gold, the consideration to be paid in Mexican paper money at an arbitrary value fixed by the Government regardless of the commercial value of this paper money as regulated by supply and demand.

Night before last an American citizen was arrested because he refused that afternoon to pay a wage greatly in excess of that agreed upon between himself and his laborers. He was arrested on a verbal order and detained in prison for three hours.

In a conference held with the military authorities yesterday in the presence of the American consul the authorities made the following statements:

(1) That the American had been arrested because he had failed to pay a wage fixed by a decree that had not been published, and which was not known to be in existence.

(2) That the military authorities are supreme in all matters affecting wages and other contractual relations, and that such authorities may arbitrarily fix any wage that they see fit.

(3) That the American in question would be compelled to pay his men for the previous week the wages provided for in the decree above referred to as having been formulated by the authorities but not yet published.

(4) That if Americans did not consent in the future to pay such wages they would be compelled to close their places of business, even though they might be able to enter into an agreement with laborers at a lesser wage.

(5) That the military authorities might arbitrarily imprison Americans for violation of this decree and that the person arresting them would not be under the obligation of presenting an order of arrest to the man detained.

(6) That the alternative for Americans who did not recognize the validity of the decree in question would be to leave Mexico.

The authorities decided that the American arrested would have to pay the wages of his employee from the 15th instant in accordance with the schedule fixed in the decree referred to, although he was not advised of the existence of such decree until yesterday, the 21st; this morning the military authorities sent him an amended order requiring him to pay the wages as fixed by the decree from the 1st of this month, notwithstanding that the employee had already accepted all wages from the 1st to 13th.

The Americans think that the time has come when they should be advised definitely of the attitude of their Government with respect to the decrees referred to above and similar legislation. The principle involved is too obvious to merit discussion. The question is whether the property of Americans may be directly or indirectly confiscated by decree and whether Americans arbitrarily may be imprisoned by the military authorities.

We refuse to discuss with the authorities collateral matters that are designed to obscure the principle at issue; we will merely state to our Government that now, as in the past history of Mexico, the American is the employer that pays the highest wage—consideration of the scale of wages obtaining here, as compared with that in the interior of Mexico where no Americans remain, as well as an investigation of the wages paid by the present Government, and the method it employed recently to break the strike on the Government-controlled railways would be interesting, but are not pertinent to the matter under consideration.

All of the above decrees violate Mexican law and are in contravention of the rights of Americans guaranteed by treaty between Mexico and the United

States. We desire to know if the American Government will permit the above decrees, or any of them, to remain in force where the rights of Americans are involved. An understanding with the authorities as to the future would not be sufficient; the decrees already in existence must be repealed where they affect Americans.

We also respectfully state that the military authorities are mistaken in their assertion that the only alternative to submitting to this decree—that is, to confiscation and arbitrary imprisonment—is for the Americans to leave the country. Another alternative is to remain in Mexico and receive from our Government the protection to which we are entitled.

We beg to advise the American Government that we will not obey the decree that seeks to regulate contractual relations where Americans are involved, and that we will not obey the provisions of the decree in which an arbitrary value is fixed on the paper peso. To do so would be equivalent to abandoning our property.

We submit to our Government that we believe that we are in this country not by the grace or favor of the Mexican authorities but because we have the right to be here, and we further submit that we are profoundly convinced that the authorities are anti-American in sentiment and purpose. We firmly believe it is their object to drive Americans out of Mexico.

We conceive it to be our right as American citizens to meet and consider our grievances and communicate with our Government, and we are sending to the American consul a copy of this communication with the request that he transmit the same to the military authorities in this city.

Eighty-four signatures omitted.

This petition is notable because of the fact that it expressed clearly the rights of Americans and expressed a willingness to fight for these rights regardless of the attitude of our Government. It is also notable, because the oil companies without exception refused to adhere to this declaration of Americanism; not a single manager, not a single representative of the hundreds of millions of dollars invested in oil, signed this petition.

Nothing could be more American than this petition; the oil managers would not only not sign it, but they endeavored to prevent the petitioners from using public halls in Tampico to hold their meetings; they were so alarmed at this anarchistic declaration of American rights that some of them went so far as to send word to Gen. Nafarrate that they did not sympathize with the attitude of these turbulent Americans.

When Gen. Nafarrate saw that he had a fight on his hands, that he was up against a group of Americans who understood their rights and did not stand back for their Government to take the initiative, he did what a Carrancista in such circumstances always does, and what the Carranza authorities would have done long ago with respect to the oil industry if this industry had been represented by men with the intelligence to understand their rights and the courage to fight for them—he gave in and exempted the independent Americans in Tampico from the operation of the decree. He did this in the presence of the American consul, but told the consul explicitly that since the oil companies had agreed to his preposterous dictation he would hold them to their agreement.

It is interesting, in connection with the attitude of the oil companies, to note the opinion of Mr. George Agnew Chamberlain, who has just resigned the position of Consul General of the United States in Mexico, expressed in his book *Not All the King's Horses*. Mr. Chamberlain states:

Take the oil interests: all they had to do was to print the clause of the constitution which stated that petroleum rights were purchasable, and throw in

for good measure proof that they did not hold one square foot of ground by gift or concession. If they had stood pat on just that, said it and said it again and not another word, there never would have been an argument.

Carranza forecast the trend of oil legislation in one of his first decrees in which he ordered the suspension of all oil operations in the oil field of whatever nature until such time as he might give the companies express permission to continue. In his preamble to this decree he states:

It is necessary to prevent the continuation of unauthorized exploitation which would bring greater complications that would embarrass still more the already difficult work of revising the validity of existing exploitation and making uniform the juridical condition of oil property, which would be a constant menace in producing conflicts of an international character, owing to the nationality of some of the organizations, who, though they failed to comply with the just obligations which they owed the country from which they took great wealth, they could appeal with ease to the protection of foreign Governments.

You will note that this decree, as well as others that follow, took the legislation of the oil industry back into the Federal Government, but said nothing about the exemption of taxation provided for in the Federal law of 1887, and which was not recognized by the State of Vera Cruz on the ground that oil legislation was a local State matter that could not be controlled by the Federal Government. Now that the Federal Government had taken over oil legislation again, the exemption provided for in the law of 1887 was, of course, binding on this Government. However, the oil companies had admitted the right of the Government to tax oil for so many years that even the managers had forgotten that they were entitled to exemption, and I do not recall any instance in which this right was again urged. At about this time Pastor Rouaix, the minister of Fomento, who had charge of oil legislation, visited Tampico for the express purpose, as he stated quite frankly and quite generally in private conversation, of devising a plausible means of confiscating oil properties. The oil managers, true to their policy, lavishly entertained Mr. Rouaix and gave him a banquet the night before he left Tampico.

The Government decided to dredge the Panuco River and arbitrarily, and without any justification whatever, imposed a tax on the oil companies for this purpose which it distributed among the different companies in proportion to the Government's opinion of their ability to pay. The companies all protested vigorously, but did nothing else, and of course paid the tax. An instructive incident occurred in this connection. One of the companies, after its tanker had been loaded and dispatched by the port authorities, and was consequently not any longer legally within the jurisdiction of the Mexican authorities, refused to pay the dredge tax, whereupon the authorities detained the boat. The manager frantically appealed to the American consul, who, being a keen man, saw his opportunity, inasmuch as the boat had been cleared, and conferred with the captain of the American gunboat in the harbor, who agreed forthwith and without consulting Washington (this would have been disastrous), to take the tanker forcibly from the Mexican authorities and escort it down to the mouth of the river. When the consul told the manager in question that the gunboat was ready to proceed on this mission, the manager weakened, stated that this was too much responsibility for him to take, and rushed over and paid the tax before the American



authorities could possibly give him the protection which he so earnestly solicited.

As stated above, the oil companies have never seemed to be sure of their rights, although there has never been any question of the legitimacy of those rights. Their approaches to the State Department have always been with an air of apology as if they did not have, as American citizens, the same right to appeal to their State Department for the protection that the department was in law bound to give them, as they had to approach a court with a legitimate petition in law.

When the Carranza government, perceiving not only the weakness of our Government but the weakness of the oil companies, attempted to go through with their scheme of confiscation, a scheme which these very authorities did not think two years before they could put into effect, the oil companies selected Messrs. Garfield and Rhodes, men apparently inexperienced in wordly affairs, and certainly extremely ignorant of Mexican conditions and Mexican character, to represent them in their endeavor to persuade the Carranza authorities to set aside the confiscatory provisions of the constitution. These gentlemen were selected, not because of their competency in such matters, for they were notoriously and pitifully incompetent, but because Mr. Garfield was a brother of the Fuel Administrator, and the oil companies hoped that they might thus succeed in influencing the Fuel Administrator to report to the Navy Department and the State Department that Tampico oil was indispensable to the prosecution of the European war and thus secure relief.

All through their negotiations the oil companies have been intent on securing the services of a brother or a cousin or a relative of somebody; their policy has been similar to that pursued by the American Government in asking Latin Americans to intercede with the Carranza authorities.

Messrs. Garfield and Rhodes carried out very splendidly the traditional policy of the oil companies and engaged in several months of argument with the Carranza officials, incurred their intellectual contempt, and finally entered into an agreement in which they admitted the principle of nationalization, that is, admitted that all the oil properties belonged to the Government and that the oil companies would in the future operate what had up to that day been their own wells and hold what up to that day had been their own properties, under special license by means of the payment of a rental and royalty to the new owner, the Mexican Government; but they induced the Carranza government to reduce the rental from 4 pesos to 3 pesos per hectare. Satisfied with this brilliant victory, they returned to the States, and what is worse and more humiliating, the highest executive officials of the oil companies in the States, men who had been dealing with Mexico and their properties in Mexico for several years, considered this matter for several weeks and engaged in heated debate among themselves before they decided not to accept and ratify the agreement entered into provisionally by Garfield and Rhodes with the Mexican authorities.

The Mexican authorities proceeded then to put into effect their so-called scheme of nationalization and issued a decree ordering the oil companies to "manifest," that is, to submit a complete state-

ment of their properties, including certified copies of title deeds, leases, inscriptions of registration, geological reports, maps, etc., and fixed a certain period during which this must be done. Instead of meeting this issue boldly and telling the Carranza authorities that they would not make such manifestations, the oil companies sent a swarm of attorneys to Mexico City to argue again with the authorities and beg them from time to time to extend the period during which they must present these manifestations, which in itself indicated an intention to comply with the orders of the Government. In the meantime their attorneys were standing in the halls of the State Department, hat in hand, asking the State Department to take the initiative in a fight in which the oil companies themselves should have taken the initiative, and asking the advice of officials in the State Department, who in their handling of the Mexican situation for the last seven years had proved their incompetency and from whom no American in Mexico who has been able to stand on his own feet wants any advice. Incredible as it may seem, the oil companies without exception proceeded to prepare all this data and must have spent in the aggregate over \$100,000 in compiling it, and awaited assurances of the States Department in advance that the State Department would protect them in their rights before deciding not to submit their manifestations, and this decision was not made until the afternoon of the last day of grace, and then, as I have stated, not until after the State Department had taken the initiative and promised to save the oil companies from all risk. Could there possibly be an example of greater incompetency and inefficiency than this?

Mr. KEARFUL. What, in your opinion, could the oil companies better have done than that which they did?

Mr. BUCKLEY. The solution of the troubles of the oil companies, like the handling of the entire Mexican situation, has always been a very simple one: it has been filled with complications by the manner of its handling from this end. If the oil companies, instead of sending numerous delegations to Mexico City to argue with the Carranza authorities, had told the Carranza authorities just what they were going to do, they would have secured relief. If they had frankly told Carranza that they would not permit him to steal their properties; that if he proceeded to do so they would appeal to their Government for relief; and that if their Government did not give them the protection to which they were entitled, they would measure their forces with Carranza and secure their own relief, Carranza would never have gone through with this scheme, and if he had tried to go through with it the oil companies would have won out in the fight.

Mr. KEARFUL. How could they have won the fight?

Mr. BUCKLEY. The oil companies, after receiving no relief from Carranza, instead of sending a multitude of representatives over to Washington to talk to clerks in the State Department, should have told the State Department just what they had already told Carranza, and if they failed to receive relief here they should have financed a revolution to take over and permanently administer the oil fields, which they could have done for an expenditure of \$200,000 a month, whereas they are to-day paying Carranza over \$1,000,000 a month.

Mr. KEARFUL. But such proceeding would have been a violation of law, would it not

Mr. BUCKLEY. Yes; of course it would; but so would have been the confiscation of their properties by the Carranza Government, and the withholding of protection by the American Government to which these companies were entitled.

During the war, when the representatives of the oil companies were finally given a hearing by the President, who designated Mr. Josephus Daniels to hear their case, and they were asked pointedly just what they wanted and why they wanted it, they did not dare to rest their case on their fundamental right to protection under international law, but weakly stated that they wanted protection in order that oil might be available for the American Navy in the prosecution of the war, and were prompted not by self-interest, but by patriotism. They were promptly, and very properly, told that the American Government was quite willing to assume this risk and that the oil companies could go ahead on the same basis as before.

At a meeting of the oil companies that I attended in New York last December, when it was decided to send a committee to Washington to see Mr. Polk, of the State Department, and ask for the protection which was their right, a discussion was indulged in for three quarters of an hour in the selection of the committee in their endeavor to send three Americans who might appeal to Mr. Polk; it appeared that Mr. Polk was very temperamental, and liked some people and didn't like others; his ex-law partner was solicitously consulted in the matter of Mr. Polk's likes and dislikes, and finally a committee was selected, not because its personnel was approved by its principals, but because it was calculated that the gentlemen constituting this committee would not ruffle the delicate sensibilities of this official in the State Department.

Mr. KEARFUL. What do you think would be the attitude of the oil companies toward the Mexican problem as a whole, affecting as it does many thousands of other Americans, if they could get the protection they desire and secure a modification of the confiscatory clauses of the constitution of 1917?

Mr. BUCKLEY. In spite of the protestations of the oil companies to the contrary, I believe that they would all, with the exception of one man, quit the fight, which, because of peculiar circumstances, they have been involuntarily waging for the rights of Americans in Mexico.

Mr. KEARFUL. Who is the man to whom you refer?

Mr. BUCKLEY. Mr. Edward L. Doheny.

Mr. KEARFUL. What do you know about the practice of the oil companies in paying tribute to Manuel Pelaez?

Mr. BUCKLEY. The oil companies are paying a monthly tribute to Pelaez, but the charges made against them to the effect that they are deliberately financing Pelaez are untrue. They are paying Pelaez, not because they want to, but because Pelaez compels them to. Pelaez has given them protection, the protection that they could not get from the constituted government, but nevertheless, they are so short-sighted that he has had to force them to give him the money to support his troops; the only thing that has stood in the way of the actual confiscation of the oil fields is the fact that Pelaez has had possession of those fields for the greater part of the time.

Mr. KEARFUL. Are you personally acquainted with Pelaez?

Mr. BUCKLEY. Yes; I know him well.

Mr. KEARFUL. What character of man is he?

Mr. BUCKLEY. Pelaez is a splendid type of Mexican. He and his two brothers are men of independent means, were born and reared in the territory now constituting the oil fields; they have always been leaders in that section and law-abiding citizens. They took little part in politics, and were ready to submit, and did submit, to the new régime upon the flight of Huerta, but the Carrancistas were not content with this submission; the Pelaez brothers had property and stock and money and the Carrancistas proceeded to take over their stock and hold them up for forced loans. After depriving them of all the money they had, the Carrancistas kept demanding more, and finally Manuel Pelaez had the alternative of leaving the country or revolting, and he preferred the latter.

Mr. KEARFUL. What is the attitude of Pelaez toward Americans?

Mr. BUCKLEY. The evidence of everybody in that country, the evidence of the oil companies, the reports of the American consuls and special investigators of the American Government, all show that Pelaez has been uniformly friendly toward Americans. The State Department is in possession of a mass of evidence to this effect. Ninety per cent of the robberies and murders of Americans that have been committed in the oil fields have occurred in the territory controlled by Carrancistas, and most of them have been perpetrated by Carrancistas. Pelaez has given Americans and their properties, and Mexicans and their property, every protection. During the war, when Carranza was pro-German and was trying to drive Pelaez out of the fields with arms and ammunition obtained in the United States with the consent of the American Government, Pelaez was pro-ally, was protecting the oil fields for the Americans and the Allies and was driving out of these fields all German spies that were reported to him by either the oil companies or the American consuls.

Mr. KEARFUL. How is Pelaez regarded by the Mexican people in that locality?

Mr. BUCKLEY. He is looked upon by the Mexican people in that portion of the country as their only hope, the man who has saved them from the confiscation of their properties. The fact that he has remained there for four years, with scarcely any resources and no arms or ammunition outside of what he could capture or buy from the Carrancistas is evidence of the support of the people.

Mr. KEARFUL. What is your opinion as to the remedy that should be applied to the Mexican problem? Are you in favor of armed intervention by this country?

Mr. BUCKLEY. No; I am not. The present condition of Mexico does not mean that Mexico is not capable of self-government; it simply means that the bandits are not able to govern Mexico satisfactorily. There is a difference between self-government and a democratic form of government; Mexico is capable of the former, although not fitted for the latter. The Government of Mexico for 35 years during the régime of Diaz was beneficial to her people and entirely satisfactory to the rest of the world; during this period Mexico complied with her national and international obligations.

It is true that most Americans from Mexico now advocate armed intervention; they have come to this view as the result of many years

of suffering, and because of conditions which promise to last indefinitely, and because of their feeling that for some reason the decent Mexican people will never again be allowed to rule their own country. No American in Mexico wanted intervention ten years ago; any American who has been in Mexico that long would prefer the Government that existed then to armed intervention. Many Americans have reached the point of advocating armed intervention because they have devoted little thought to Mexican history, or are not acquainted with the cultured Mexican and do not understand his point of view and do not understand or have forgotten the capabilities of the high-class Mexican. Our Government has not produced men greater than Limantour, Mariscal, or the Macedos, and there are many such Mexicans to-day, most of them, unfortunately, in exile. I believe that those Mexicans, with the proper aid, could form a satisfactory Government. Armed intervention is, of course, an alternative to the present state of anarchy, but it is not the only alternative, and, in my opinion, is not the best alternative. When the American Government intervened in the local affairs of Mexico it laid the foundation for armed intervention for two reasons: First, because one government can not control the internal affairs of another people and dictate to them without resorting eventually to the use of armed force—peaceful intervention can not last indefinitely; and, in the second place, because when the American Government selected men of the type of Villa and Carranza to be the rulers of Mexico it chose men who could not permanently rule that country to the satisfaction of the Mexican people and foreign Governments; it chose a class that was doomed in advance to failure and failure pointed inevitably toward armed intervention. In the history of our relations with Mexico the policy of our present administration will be looked upon as an interventionist policy.

I firmly believe that the solution of the Mexican problem lies either in the positive backing of any one of a number of able Mexicans who would make good presidents of that country, or in the negative policy of withdrawing recognition from Carranza, and permitting the decent people in that country to form their own government without hindrance on our part. There is no question in my mind but that this latter method would be successful; if, however, we were not sure of its success it would be best to try it before attempting armed intervention. The educated Mexican, the great mass of the Mexican people, have not been given any opportunity in the last seven years. Our powerful Government has made an alliance with men who have oppressed that people and defied all foreign Governments and has been true to this alliance. Now that Carranza has failed, the fear of Americans in Mexico is that our Government will back some other Mexican of the same type; a Government that in the face of all the evidence first backed Villa, then flirted with Zapata, and finally chose Carranza is in danger, is apt, if left to its own devices, to make another unsatisfactory choice.

MR. KEARFUL. Why is it that the better class of the Mexican people have not formed an efficient government?

MR. BUCKLEY. In the first place, because in their majority they have been expelled from that country with the tacit consent of the American Government; because their properties have been confiscated with the tacit consent of the American Government; because

a number of them have been killed, also with the tacit consent of the American Government—for we must conclude that where a Government maintains its recognition of another government that has expelled and outrages its best citizens, this Government consents to that conduct. How could this class of Mexicans, even if they were provided with resources, successfully overthrow the present Government in Mexico when the United States insists that no one in Mexico but Carranza shall have arms and ammunition, and when it holds over them the menace of nonrecognition, without which no Government in Mexico can last?

The effects of armed intervention on the United States and on its future relations with Mexico would, in my opinion, be bad. After the American troops had left Mexico the United States and Americans would be hated by the very people in Mexico who are now clamoring for intervention, and, in their despair, there is no doubt that the majority of people in Mexico want armed intervention. They would forget all the good that the American Government might do and only remember the inevitable wrongs and clashes. It would be a difficult situation for Americans for 10 or 15 years after the American troops left. There is no place where we are disliked more heartily than in Cuba, and intervention in Mexico would have the same result, especially as all Mexicans would realize that we intervened to correct conditions that we had a large part in creating.

The ultimate aim of armed intervention would certainly not be the annexation of any Mexican territory or the formation of a permanent military protectorate over that country. The ultimate end, I assume, would be to turn Mexico's Government over to the Mexicans; and when this is done, whether it be within 1 year or 50 years, that Government will be left in the hands of the very people whom we have driven out of Mexico—the only people who ever gave Mexico a decent government. If it is to be done after armed intervention, it would be better to do it now. It would take a little longer for the Mexican to pacify his own country, but it would be a more secure pacification when it came, and the result would be more permanent.

Mr. KEARFUL. We often hear of the necessity to shape American policy in order to meet the sentiment of Latin-America, and that a strong policy with respect to Mexico would have a deleterious effect upon our prestige in Latin-America. What is your opinion about that?

Mr. BUCKLEY. I think we should settle this matter with Mexico without reference to Latin America or to what Latin Americans or anybody else thinks; I think we should settle it in the right way without reference to anybody else. I have always thought that this talk about our Latin American relations that we hear so much about among the officials of the American Government is founded in their provincial ignorance of such matters. Conferences like the Pan American Conference and the Niagara Conference and our many other conferences do us no good in Latin America—Latin America respects us more when we attend to our own business and do not call Latin Americans in for consultation. Our relations with Mexico are our own business and nobody's else. The use of a firm hand in dealing with Mexico would only strengthen the respect of Latin America

for us; I don't mean armed intervention, for, as I stated before, I do not think this is necessary, nor have I in mind just the present situation; but what I mean is that under ordinary circumstances we should insist that every American, no matter how insignificant he may be and even though he be in the most remote part of Mexico, has the right to the protection of his Government and that where he is discriminated against or denied the protection of the law, the American Government would be justified in using its entire Army and Navy to give him protection, and that nothing would have a more salutary effect on our Latin American relations than the use of our Army and Navy where this use is justified. It would instil a wholesome respect in people who would commit the same abuses that have been committed in Mexico if they could do so with impunity. Nothing would have raised our prestige so in Latin America as the dispatching of an army across the border the first time an American was touched and the execution of all those who had injured him. If this had been done seven years ago, in fact, if it had been threatened, Americans would have had no trouble either in Mexico or in the rest of Latin America. As it is, our prestige in Latin America was never so low as it is to-day.

Mr. KEARFUL. Do you desire that your testimony be considered by the committee in executive session, or are you willing that it may be printed as a part of the public hearings?

Mr. BUCKLEY. I am perfectly willing that my testimony should be printed and published; I would not give testimony for consideration only in executive session.

(Whereupon the committee adjourned subject to the call of the chairman.)















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